Canada. Parl. H.of C. Standing
Comm.on Railways, Canals and
Telegraph Lines, 1956.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1 including First, Second and Third Reports

Bill No. 148 (Letter Z-2 of the Senate), An Act respecting Quebec North Shore and Labrador Railway Company

Bill No. 151 (Letter Q of the Senate), An Act to incorporate Hydrocarbons Pipeline Limited

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TUESDAY, MARCH 13, 1956

WITNESSES:

On Bill 148: Messrs. Cuthbert Scott, Q.C., Parliamentary Agent, Ottawa; Hugh E. O'Donnell, Solicitor, Montreal; and W. H. Durrell, Vice-President and General Manager, Iron Ore Company of Canada, Montreal.

On Bill 151: Messrs. G. D. Weaver, M.P., Sponsor; E. H. Coleman, Q.C., Parliamentary Agent, Ottawa; R. K. McConnell, Director, Canadian Hydrocarbons Limited, Toronto; and D. M. Deacon, Vice-President and Director, Canadian Hydrocarbons Limited, Toronto.

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

71622—1

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

and

Messrs.

Barnett
Batten
Bennett (Miss) (*Halton*)
Bonnier
Boucher (*Chateauguay-Huntingdon-Laprairie*)
Buchanan
Byrne
Campbell
Carrick
Carter
Cauchon
Cavers (*Vice-Chairman*)
Clark
Decore
Deschatelets
Dufresne
Dupuis
Ellis
Follwell
Gagnon
Garland
Goode
Gourd (*Chapleau*)
Green
Habel
Hahn
Hamilton (*York-West*)
Harrison
Healy
Herridge
Hodgson
Holowach
Hosking
Howe (*Wellington-Huron*)
James
Johnston (*Bow River*)
Kickham
Lafontaine
Langlois (*Gaspe*)
Lavigne
Leboe
Maltais
McBain
McCullough (*Moose Mountain*)
McIvor
Meunier
Murphy (*Lambton West*)
Murphy (*Westmorland*)
Nesbitt
Nickle
Nixon
Nowlan
Purdy
Ross
Small
Viau
Villeneuve
Vincent
Weselak

A. Small,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

THURSDAY, January 26, 1956

Resolved,—That the following Members do compose the Standing Committee on Railways, Canals and Telegraph Lines:

Messrs:

Barnett,
Batten,
Bennett (Miss),
Bonnier,
Boucher (Châteauguay-Huntingdon-Laprairie),
Buchanan,
Byrne,
Campbell,
Carrick,
Carter,
Cauchon,
Cavers,
Clark,
Decore,
Deschatelets,
Dufresne,
Dupuis,
Ellis,
Follwell,
Gagnon,
Garland,
Gauthier (Lac-Saint-Jean),
Goode,
Gourd (Chapleau),
Green,
Habel,
Hahn,
Hamilton (York West),
Harrison,
Healy,
Herridge,
Hodgson,
Holowach,
Hosking,
Howe (Wellington-Huron),
James,
Johnston (Bow River),
Kickham,
Lafontaine,
Langlois (Gaspé),
Lavigne,
Leboe,
McBain,
McCulloch (Pictou),
McIvor,
Meunier,
Montgomery,
Murphy (Lambton West),
Murphy (Westmorland),
Nesbitt,
Nicholson,
Nixon,
Nowlan,
Purdy,
Ross,
Small,
Viau,
Villeneuve,
Vincent,
Weselak—60.

Ordered,—That the Standing Committee on Railways, Canals and Telegraph Lines be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

FRIDAY, March 2, 1956.

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

Ordered,—That the following Bill be referred to the said Committee:

Bill No. 148 (Letter Z-2 of the Senate), intituled: "An Act respecting Quebec North Shore and Labrador Railway Company".

MONDAY, March 5, 1956.

Ordered,—That the following Bill be referred to the said Committee:

Bill No. 151 (Letter Q of the Senate), intituled: "An Act to incorporate Hydrocarbons Pipeline Limited".

71622—1½

MONDAY, March 12, 1956.

Ordered,—That the name of Mr. Maltais be substituted for that of Mr. Gauthier (*Lac-Saint-Jean*) on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

TUESDAY, March 13, 1956.

Ordered,—That the quorum of the said Committee be reduced from 20 to 12 members and that Standing Order 65(1)(*b*) be suspended in relation thereto.

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

Ordered,—That the said Committee be empowered to print, for the use of the Committee and of Parliament, such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORTS TO THE HOUSE

TUESDAY, March 13, 1956.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That its quorum be reduced from 20 to 12 members and that Standing Order 65(1) (b) be suspended in relation thereto.
2. That it be authorized to sit while the House is sitting.
3. That it be empowered to print, for the use of the Committee and of Parliament, such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

Respectfully submitted,

H. B. McCULLOCH,
Chairman.

(NOTE:—This Report concurred in by the House. See Orders of Reference, March 13, 1956).

WEDNESDAY, March 14, 1956.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

SECOND REPORT

Your Committee has considered the following Bills and has agreed to report them without amendment:

Bill No. 148 (Letter Z-2 of the Senate), intituled: "An Act respecting Quebec North Shore and Labrador Railway Company".

Bill No. 151 (Letter Q of the Senate), intituled: "An Act to incorporate Hydrocarbons Pipeline Limited".

A copy of the Minutes of Proceedings and Evidence adduced in respect of both Bills is tabled herewith.

Respectfully submitted,

H. B. McCULLOCH,
Chairman.

WEDNESDAY, March 14, 1956.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

THIRD REPORT

Clause 3 of Bill No. 151 (Letter Q. of the Senate), intituled: "An Act to incorporate Hydrocarbons Pipeline Limited", reported this day by the Committee in its Second Report, provides for capital stock of one million shares without nominal or par value.

Your Committee recommends that, for the purpose of levying the charges specified in Standing Order 94(3), the aggregate value of the said shares be deemed to be twenty-five million dollars ($25,000,000).

Respectfully submitted,

H. B. McCULLOCH,
Chairman.

(NOTE: This Report concurred in by the House on March 14, 1956).

MINUTES OF PROCEEDINGS

TUESDAY, March 13, 1956.

MORNING SITTING

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.30 a.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Bonnier, Byrne, Campbell, Carrick, Cavers, Decore, Deschatelets, Follwell, Gagnon, Gourd *(Chapleau)*, Green, Habel, Hahn, Hamilton *(York West)*, Harrison, Healy, Hodgson, Holowach, Hosking, Howe *(Wellington-Huron)*, James, Johnston *(Bow River)*, Lafontaine, Langlois *(Gaspé)*, Lavigne, Leboe, McBain, McCulloch *(Pictou)*, McCullough *(Moose Mountain)*, McIvor, Meunier, Murphy *(Lambton West)*, Murphy *(Westmorland)*, Purdy, Small, Viau, and Weselak.—(39)

In attendance:

On Bill No. 148: Mr. Cuthbert Scott, Q.C., Parliamentary Agent, Ottawa; Mr. Hugh E. O'Donnell, Q.C., Solicitor for the promoters, Montreal; and Mr. W. H. Durrell, Vice-President and General Manager, Iron Ore Company of Canada, Montreal.

On Bill No. 151: Mr. G. D. Weaver, M.P., Sponsor; Mr. E. H. Coleman, Q.C., Parliamentary Agent, Ottawa; Mr. R. K. McConnell, Director, Canadian Hydrocarbons Limited, Toronto; and Mr. D. M. Deacon, Vice-President and Director, Canadian Hydrocarbons Limited, Toronto.

On motion of Mr. James, seconded by Mr. Carrick,

Resolved,—That Mr. Cavers be Vice-Chairman of this Committee.

On motion of Mr. Purdy, seconded by Mr. Holowach,

Resolved,—That a recommendation be made to the House to reduce the quorum from 20 to 12 members and that Standing Order 65 (1) (b) be suspended in relation thereto.

On motion of Mr. Murphy *(Westmorland)*, seconded by Mr. Purdy,

Resolved,—That a recommendation be made to the House to empower the Committee to sit while the House is sitting.

On motion of Mr. Harrison, seconded by Mr. Weselak,

Resolved,—That a recommendation be made to the House to empower the Committee to print, for the use of the Committee and of Parliament, such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

On motion of Mr. Green, seconded by Mr. Murphy *(Lambton West)*,

Resolved,—That the Committee print 650 copies in English and 200 copies in French of the Minutes of Proceedings and Evidence in relation to Bill No. 148 and Bill No. 151.

The Committee commenced consideration of Bill No. 148 (Letter Z-2 of the Senate), intituled: "An Act respecting Quebec North Shore and Labrador Railway Company".

On the Preamble:

Messrs. Scott, O'Donnell, and Durrell representing the promoters, were called, explained the purposes of the Bill, and were questioned thereon.

The Preamble was adopted.

On Clause 1:

Mr. Green moved, seconded by Mr. Murphy (*Lambton West*), that Clause 1 be amended by deleting the word "ten" in line 9 of the Bill and substituting the word "five" therefor.

After discussion, and the question having been put, the said motion was negatived on the following division: *Yeas, 6; Nays, 30.*

Clause 1 was adopted, on division.

The Title and the Bill were adopted.

Ordered,—That the Chairman report the Bill to the House without amendment.

The Committee then proceeded to consideration of Bill No. 151 (Letter Q of the Senate), intituled: "An Act to incorporate Hydrocarbons Pipeline Limited".

On the Preamble:

After introduction by Mr. Weaver, M.P., Sponsor of the Bill, Messrs. Coleman, McConnell, and Deacon, representing the promoters, were called, explained the purposes of the Bill, and were questioned thereon. The promoters also filed an affidavit verifying that the authorized capital stock of the proposed company will not exceed twenty-five million dollars ($25,000,000).

At 12.30 p.m., the Committee suspended proceedings until 3.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed its proceedings at 3.00 p.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Bonnier, Buchanan, Byrne, Campbell, Carrick, Deschatelets, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Harrison, Hodgson, Holowach, Hosking, Howe (*Wellington-Huron*), Johnston (*Bow River*), Lafontaine, Lavigne, Leboe, McBain, McCulloch (*Pictou*), McCullough (*Moose Mountain*), Meunier, Murphy (*Westmorland*), Nixon, Purdy, Small, Viau, and Weselak.—(31)

In attendance:

On Bill No. 151: (same as morning sitting).

On resumed consideration of Bill No. 151:

The Preamble, Clauses 1 and 2 were adopted.

On Clause 3:

On motion of Mr. Hosking, seconded by Mr. Byrne,

Resolved,—That, for the purpose of levying the charges specified in Standing Order 94 (3), the Committee recommend to the House that the proposed capital stock, consisting of one million shares without nominal or par value, be deemed to be twenty-five million dollars ($25,000,000).

Clauses 3 to 10 inclusive were adopted.

The Title and the Bill were adopted.

Ordered,—That the Chairman report the Bill to the House without amendment.

At 3.30 p.m., the Committee adjourned to the call of the Chair.

A. Small,
Clerk of the Committee.

EVIDENCE

March 13, 1956,
10.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum.

The first item of business is organization motions and we have to appoint a vice-chairman.

Mr. JAMES: Mr. Chairman, after a lengthy deliberation with my colleagues, I move, seconded by Mr. Carrick, that Mr. Cavers be vice-chairman of the committee.

Motion agreed to.

The CHAIRMAN: The second item of business is that a recommendation be made to the house to reduce the quorum.

Mr. PURDY: Mr. Chairman, I move that a recommendation be made to the house to reduce the quorum from 20 to 12 members and that Standing Order 65 (1) (*b*) be suspended in relation thereto. Mr. Holowach seconds this motion.

Motion agreed to.

The CHAIRMAN: The next motion is to empower the committee to sit while the house is sitting.

Mr. MURPHY (*Westmorland*): Mr. Chairman, I move that the committee be empowered to sit while the house is sitting.

Motion agreed to.

The CHAIRMAN: The next item is a recommendation to the house to empower the committee to print, for the use of the committee and of parliament, such papers and evidence as may be ordered by the committee.

Mr. HARRISON: I move that a recommendation be made to the House to empower the Committee to print, for the use of the Committee and of Parliament, such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

Motion agreed to.

Mr. GREEN: Mr. Chairman, I move that the Committee print 650 copies in English and 200 copies in French of the Minutes of Proceedings and Evidence in relation to Bill No. 148 and Bill No. 151.

Motion agreed to.

The CHAIRMAN: We will now consider Bill 148, (Z2 of the Senate), an Act respecting Quebec North Shore and Labrador Railway Company.

On the Preamble:

At this point I wish to call the parliamentary agent, Mr. C. Scott, Q.C., and any other witnesses we have here.

Mr. C. SCOTT, Q.C.: Mr. Chairman and gentlemen, the first bill, respecting the Quebec North Shore and Labrador Railway Company, is merely a bill to extend the time in the construction of a section of the railroad.

We have, on behalf of the proponents of the bill, Mr. Hugh E. O'Donnell, Q.C., who is the solicitor, and Mr. W. H. Durrell, vice-president and general manager of the Iron Ore Company of Canada. If it pleases the committee I would suggest that Mr. O'Donnell explain the bill first, and then Mr. Durrell will give evidence and answer any questions.

Mr. Hugh E. O'Donnell, Q.C., Solicitor for Quebec North Shore and Labrador Railway Company, called.

The WITNESS: Mr. Chairman and members of the committee, this is a very simple bill. It is merely asking for authority to extend the franchise for a further ten years. The railway was incorporated, as hon. members know, in 1947 and its purpose was to permit the construction of a railway from a point on the St. Lawrence river to Ungava Bay. It might be of interest if I were to point out on the map here where it is. Seven Islands is the port on the St. Lawrence and Ungava Bay is at this point. The railway is shown here on the map; the line of the railway is set out and it runs from Seven Islands to Schefferville which is 375 miles; 138 miles roughly from the river to the southern boundary of Labrador and then for a distance of 212 miles across Labrador and back into Quebec at Schefferville which is approximately 25 miles beyond; there is approximately 300 miles from Schefferville to Ungava Bay, and at the present time there is no requirement for transportation in that area.

Mr. Durrell can give hon. members any information they may wish on that area. There is prospecting going on but nothing in the nature of iron ore deposits and finds which require transportation at the present time.

The purpose of this bill is simply to extend the time within which the railway must be constructed for a further period of ten years. The railway has to date cost $123 million, and the people who are operating the venture have at the present time a capital outlay at the end of December of about $255 million. The railway is operating. This last year it has hauled roughly eight and a half million tons and it is expected that next year it will haul approximately twelve million tons, so it is really a going proposition.

If there is any need for projection of the road beyond the point where it is, and should the traffic there warrant it, the need will be met. It is suggested that a ten-year period is not too extensive because the line has to be surveyed, arrangements made with contractors and so on, and it will take some little time after it becomes evident that a railroad might be required.

I do not know that there is much more I can say. This is strictly a private enterprise proposition. There have been no subsidies of any kind whatsoever given to the railroad. It had even to buy the right-of-way both in Quebec and in Newfoundland. It was not given the right-of-way free of charge as has been not infrequently the case. I would suggest that the request it fair and proper and that it be favourably considered. Mr. Durrell is here and if hon. members would like any further information he is thoroughly familiar with the entire area and development.

By Mr. Cavers:

Q. Mr. Chairman, after the track has been laid, during what period of the year will it be possible to operate the railway from Schefferville to Ungava Bay?—A. That Mr. Durrell will be able to tell you. Ungava Bay, I understand, would be open three or four months of the year. Mr. Durrell will be pleased to give you that information.

By Mr. Green:

Q. Mr. Chairman, I would like to ask Mr. O'Donnell a question. There was a dispatch in yesterday's *Gazette,* Mr. O'Donnell, to the effect that Lake Shore Mines would be the directing force in a major exploration program in the Ungava area over a very substantial area. This project will cover such a wide field that it is intended to invite several other mining companies to participate in the exploration program. Is this company concerned in any of this program?

Mr. W. H. Durrell (Vice-president and general manager, Iron Ore Company of Canada):

No, sir. Part of the assets have been acquired by the Little Long Lake Gold Mines who had extensive holdings in the region and I believe they intend to have Lake Shore participate in their holdings. I think they will do some diamond drilling and we have high hopes they might find something worth while.

By Mr. McCullough:

Q. Did I understand Mr. O'Donnell to say that the total expenditure by the company has been $255 million? Did he tell the committee what portion of that has been cost to the railway and what proportion cost to the mining company?—A. The railway's cost was $123,353,000 and the balance is the loading docks at Seven Islands and the mining equipment and operations at the Schefferville area.

Q. You stated the expenditure and that no subsidy has been given to this company. Could you tell the committee what royalties, if any, have been paid the province of Quebec?—A. The royalties are payable to the province of Quebec and the province of Newfoundland. You will appreciate that, while this map shows a boundary, there is some question in this part of Canada as to where that boundary is and the mines as a matter of fact do, I think, straddle the boundary. The royalties are payable depending on whether the ore is taken from Quebec or Newfoundland and are payable to one of the provinces. That is a matter I think to be determined. Royalties are payable to both provinces and taxes are payable to the federal authorities, and there will be substantial taxes, I understand, in respect of 1956.

Q. Then, is the royalty on the ore basis or on an income basis; how is it calculated?—A. The royalties are worked out differently in both provinces. Mr. Durrell can give you full detail on that.

By Mr. Johnston (Bow River):

Q. How much is the royalty?—A. I would ask that you direct that question to Mr. Durrell. It is a matter of public record and entered into between the Iron Ore Company and the province of Newfoundland and the province of Quebec.

By Mr. McCullough:

Q. Due to the fact that you are asking for an extension of ten years, would you tell the committee what would be the approximate cost of the completed railway?—A. I cannot tell you that. To date the 355 miles have cast $123,000,000-odd. It depends upon what type of construction work there is on the railway from Seven Islands to Schefferville which is as difficult railway construction as has been experienced anywhere in Canada. The railway there is one which presented problems that were not outmatched even in the Rocky Mountains. Mr. Durrell can tell you all about the details of building that railway.

Q. Another witness, then, will tell us the terrain up there and perhaps tell us about additional difficulties.

By Mr. McIvor:

Q. There is no cost to the dominion government?—A. No.

Q. That is good.—A. In fact they paid Quebec and Newfoundland for the right-of-way.

By Mr. Langlois (Gaspé):

Q. How much property for the right-of-way has been bought in Newfoundland and in Quebec?—A. I have no figure.

Q. Could Mr. Durrell answer that?—A. Yes.

By Mr. Hahn:

Q. How many types of mining are carried out at Schefferville?—A. The only mining to date is the iron ore mining.

By Mr. Follwell:

Q. Are there any restrictions on traffic? Will this railway carry only company traffic?—A. This railway is a railway under the Railway Act and comes under the jurisdiction of the Board of Transport Commissioners. It has to provide carriage for whatever the traffic offers. It is a public railway.

Mr. CAVERS: Probably Mr. Durrell could explain some of the questions.

Mr. W. H. Durrell, Vice-president and General Manager, Iron Ore Company of Canada, called.

The WITNESS: Mr. Chairman and gentlemen, I will be glad to answer any questions the committee asks.

By Mr. McCullough:

Q. I would like to ask the gentleman a question in respect to the franchise which your company holds in that area. Is it a monopoly franchise or is it possible for small prospectors to go in and stake claims——A. No, it is not a monopoly. We had a concession in Quebec and one in Labrador covering a certain territory. Eventually in Quebec it will be 300 square miles and in Newfoundland 1,000 square miles. The rest of the country adjacent to our concessions is open to the small prospector.

By Mr. Hamilton (York West):

Q. Up to the present point I assume that the railway has been built in an area which will serve the mine which your company is working.—A. Yes, and other companies. There are other companies in the vicinity of Lake Wabush and we expect that in a year or two we will be hauling ore for those companies.

Q. Are they in existence?—A. In the exploration stage.

Q. They are not producing?—A. Not yet, no.

Q. In connection with giving this authority to you, is your company prepared to go ahead and build this even if another group of companies are involved in the work north of where you are now?—A. Our interest, in terms of ground ore, is very small. If there is sufficient development to justify the extension of the railway we want to build it.

Q. Would there be sufficient justification for your company to have built what it has now if it were not in the mining business itself in that area?—A. Without the large bodies of iron ore we have developed or discovered at Knob Lake it would not have been feasible, but with the tonnage there it is definitely justifiable, and even this year at the rate we have established to haul ore we will be paying substantial taxes in the first year of operation.

Q. What you are saying is that the railway is a profitable venture from the transportation standpoint only and it does not have to be tied up with the mine.—A. At the present time but four our mining venture it would not have been practicable.

Q. If some other customer at a point further on developed, the railway could be built and operated at a profit?—A. We would expect it would.

Q. Is it being operated at a profit now distinct from your mining operations?—A. No. There is no other traffic but the iron ore and the few other exploration companies. No, it could not, obviously.

Q. Accountingwise, what I would like to know it, is the railway as a separate entity making money as distinct from your mining operations?—A. Definitely, yes.

Q. You say the railway then could be extended and make money looking after somebody else's mining interests?—A. Yes, if there was sufficient tonnage.

By Mr. Hodgson:

Q. Who set up the freight rate of the railway?—A. We established the freight rate and had it approved by the Board of Transport Commissioners.

Q. If some other mining company wants to start they can use the railway?—A. We have quoted rates to other companies in the Lake Wabush area and if they are not satisfied with those rates they will take them to the Board of Transport Commissioners. There is one rate for everybody.

Q. Who sets the rate?—A. The railway establishes the rates with the approval of the Board of Transport Commissioners.

Q. They have the power to set the rates?—A. There is one rate for everybody.

Q. Who sets the rates?—A. The railway establishes the rates with the approval of the Board of Transport Commissioners.

Q. Suppose another mine wants to operate in there?—A. We come under the Railway Act.

Q. But suppose some other company wants to open up a mine in there and we are asked to give them a charter?—A. We come under the Railway Act and we are subject to all the regulations under that act just the same as the Canadian National Railways, the Canadian Pacific Railway or any other railway.

Q. You could make the railway show a profit at the expense of the mine, or you could make the mine show a profit at the expense of the railway, could you not?—A. No, we cannot do that.

By Mr. Cavers:

Q. If you decide to establish this line, that is, to push through to Ungava bay, during what periods of the year will the railway be able to operate?—A. We are operating now to Knob Lake. In the winter there is very little traffic. We cannot haul iron ore in the winter because that freight is not in transit. We run two trains a week. There is less snow between Knob Lake and Ungava bay than there is between Knob Lake and Seven Islands.

Q. Do you think it would be economically feasible to operate a line from Schefferville on during the whole of the year?—A. Yes. From the standpoint of snow conditions there would not be any great problem.

By Mr. Purdy:

Q. With respect to the terminal facilities at Seven Islands, does your company own them?—A. The terminal facilities at Seven Islands are owned by the Iron Ore Company of Canada and not by the railway. The terminal company has an outlet to the government dock.

Q. Are the piers owned by the Iron Ore Company?—A. The loading docks are part of the mining company's property because we have to have grading prepared at the terminals to make the grade for our customers. So the terminals at the loading docks are owned by the Iron Ore Company and not by the railway.

Q. But the federal government built part of those piers?—A. The federal government did not build anything for us, that is, for the Quebec North Shore and Labrador Railway Company, or for the Iron Ore Company. They did build a small dock for the use of the community. However the Iron Ore Company of Canada built its own docks. We have sixteen hundred feet of dock in place. But the small dock which was built by the government was for the benefit of the community and not for the company. We have our own dock.

Some small boat may bring in supplies for a customer which are consigned to Schefferville. There is a wharfage toll for that tonnage, and they would pay whatever the going charge is.

Q. Do you pay harbour dues?—A. No, because we are the only people who spend any money at the Seven Islands port. There is this little dock there. The Iron Ore Company paid for the dredging and for everything concerned with its development.

Q. There are no harbour dues charged to you?—A. No harbour dues.

By Mr. Hosking:

Q. What would be the position of a mining company that was ready to develop a property north of your property if you had the right to build the railway up there? Would they be permitted to put in an extension in order to develop their own property and you would not?—A. You mean in extension from our main line to their property?

Q. Yes.—A. Yes. Such a right was granted to Lake Wabush. On this map here this is Lake Wabush, and there is a very substantial tonnage of concentrate there, at this point not owned by our company.

If the government granted a charter to them, it would be a branch line to our railway but not a part of our system. Whenever they present a car to our railway, we would haul it up there to Seven Islands and they would have the right to build their own branch line.

Q. Suppose that half way up to Ungava bay there was a property which some other company wished to develop, but which, it might be, your company would not wish to have developed. What would the position be then with respect to their joining up and using your railway? Would this charter prevent them from building a spur in the direction of Ungava bay?—A. They could apply for a charter, I imagine. But that is a legal question and I am afraid I could not answer it.

By Mr. Green:

Q. Your company built this railway in order to get out your own iron ore deposits in the vicinity of Schefferville?—A. That is right.

Q. That is the real and only reason that you constructed the railway?—A. We had sufficient tonnage to justify the building of the railway.

Q. Have you any rights north of Schefferville towards Ungava bay?—A. Yes. Our company and our subsidiaries are doing a lot of work in that region. When you say "rights", you mean ground?

Q. Yes.—A. We have a subsidiary company called "Orlando" mines which spent several million dollars in the last few years to justify the extension of the railway.

Q. Would you please point out on the map where you have these deposits and rights north of Schefferville?—A. On this ground we staked the same as any other prospector. But at this point, Fort McKenzie, we have a small copper showing, which is not possible to work without transportation, and it does not have sufficient tonnage as yet to justify an extension.

Between Leaf Bay and the coastal area we have considerable holdings, and we are doing a lot of drilling; but we would hardly call it ore today. It would be if it were just outside Montreal; but we need large tonnage to justify an extension to the railway.

Q. Are these iron ore deposits?—A. No, base metal deposits, copper and nickel.

Q. What other companies or groups have rights, or are working in that area between Schefferville and Ungava Bay?—A. I could not name them all, but there are a number, such as Long lake gold mines which is in the same general vicinity. They are about here on the map at this point, south of the Koksoak river, and Fentimore iron is in there. They will be doing considerable work with their base metal concessions. The Labrador trough is about 50 miles west, and in this 35 miles of the western section is where they find iron. Due east of this brown area, there is a belt about 15 miles in width.

Q. That little strip from Schefferville to Ungava bay is a very promising area?—A. Yes, it is very promising. I can show you this map which deals with geology. You will note on this map that there is an area that they claim to be favourable to base metals. Brown shows the iron formations. We would not say that they are mines but there is a possibility that they might develop. There is one deposit near Fort McKenzie and another one here, and quite a few have execellent surface showings between the coastal area and Ungava bay.

Q. They are all in the base metal zone as distinct from iron ore?—A. Yes, the iron ore zone is brown.

Q. If there is all this interest being taken in this area now, from Schefferville to Ungava bay, do you not think that development is likely to be very rapid.—A. We hope so, and with the extension of our railway to Schefferville it is much cheaper to operate north. You can fly from Schefferville much cheaper than you can from the Lake St. John region. In the past that has been a reason for the high cost of preliminary exploration.

Q. Mr. Durrell, we have been reading in the papers frequently about the possibility of a huge smelter being construction in Labrador in order to smelt ores of different kinds. Where would it be located? In what general area would it be located?—A. What you have read may have had to do with remarks concerning our company, but we are doing considerable research work having to do with electrical reduction of some of our ores which require concentration. But that is still in the research stage. It is promising and if it does take place, it would help to develop the Lake Wabush region where our company also owns large deposits.

Q. In that Lake Wabush area, are there deposits of base metals or iron ore?—A. Iron. When we talk about base metal reduction, we are talking about the lower grades of iron ore.

Q. Will you please go on and explain about the smelter?—A. If it is constructed, it could be near Lake Wabush or at Schefferville. We do not know because we are nót far enough advanced.

Q. What about Ungava bay? My understanding is that there was some suggestion that there could be sufficient power developed at Ungava bay to warrant the establishment of an aluminum plant?—A. At Ungava bay? I have not heard that, sir. There is at Grand Falls in Newfoundland a potential of 4 million horse power but we have heard only rumours, as far as I am concerned, of a possibility that they might establish an aluminum industry in the vicinity of Seven Islands and bring the power by transmission into that area. I have read about the possibility.

Q. How far is your railway from the potential power site?—A. About 90 miles. It is not within highway construction; and if they decide to establish an aluminum plant at that site, it hardly seems possible that they would build a highway from our railroad to Grand Falls.

Q. Does your company have any associated companies which are interested in the development of power? I say that because under your charter section 11 states that subject to the provision of section 368 of the railway act, the company shall have the power to generate and acquire power.—A. Yes, in Newfoundland we have to develop power for our own requirements.

Q. Under this charter you would have the right to develop power on a very substantial scale?—A. Yes, but you have to take that up and acquire the right from the province. Therefore while the charter, as I understand it, would give us that right, it would still mean negotiations with the province in reference to acquiring that right.

Q. Does your company have in mind any installation giving large power production of the type that would be required by a smelter or refinery?—A. Not the railway company.

Q. Or any associated companies?—A. No. Unless we develop it for our own use and quickly, the rights that have been given to the company—for example, the British Investment Corporation have the right to develop that power in Newfoundland, and unless we acquired the right to develop our power before they did, to develop our power for our own requirements, then we would have no right.

Q. Who are the directors of this railway company, and what is the tie-up between it and the Iron Ore company?—A. I have not got a list of the directors of the railway company with me. Jules Timmins is president. I am vice-president. J. I. Rankin is a vice-president. Mr. Alphonse Raymond is a director, and there are one or two others. They are all Canadians, I believe, with one exception.

Q. Who is the exception, and who does he represent?—A. He represents the H. A. Hanna company.

Q. Of Cleveland?—A. Of Cleveland, yes.

Q. And who are the shareholders of the railway company?—A. The Iron Ore company of Canada. The railway company is a subsidiary. The principal Canadian shareholders are the Labrador Mining and Exploration company, and the Mining and Consolidated Gold Mines.

Q. What about the American shareholders?—A. The shareholders in the Iron Ore company are composed of about five steel men, including the Ranger and Labrador mines.

Q. The American companies own the majority of the shares in the railway company?—A. The Iron Ore company does, but I am not sure of the exact split.

Q. Could you find that out for us?—A. That could be readily obtained, yes. Certainly there would be no difficulty at all.

Q. And what about the Iron Ore company? Were you going to give us the names of the shareholders?—A. It has all been published many times, so we could get it.

Q. You could produce it?—A. Oh yes.

Q. Mr. Durrell, you are asking for a ten year extension of the power to build this railway from Schefferville to Ungava bay. Have you any intention to start with the work in the near future?—A. If anything justifies it; if someone finds mines of sufficient size, we could start right away.

Q. What objection have you to making the time limit five years instead of ten? I ask you that question because a ten year extension would mean that you could sit and do nothing for ten years when in fact nobody else could get in there.—A. Anyone else could apply for a charter.

Q. What would be the sense of somebody else applying for a charter to build north of Schefferville when you already have the right to build that line?—A. The reason we would like to have an extension is that the terrain is very difficult. For about 50 miles north from Schefferville the

terrain is difficult. That is in the vicinity of Fort McKenzie. It would take at least three years even to complete the surveys.

We built our railway from Seven Islands north in four years by means of using air transportation at a high cost, because we had the tonnage there and we were asked by the two governments to make it available as soon as possible. But the base metal tonnage is much smaller than the iron ore, and the cost would be too great. But that would not be the case if the railway were built north in an orderly way and not in a terrific rush.

Q. If you had an extension for ten years, from 1957, not from 1956, really for eleven years, then you would not necessarily have to do anything whatever about seeing to that railway for eleven years; yet your right would exist. Isn't that correct?—A. That could be right if there was no traffic.

Q. Have you any particular objection to getting an extension of five years instead of ten years?—A. Having in mind the length of time required to make surveys, five years is not enough.

Q. Five years in that country which is developing very rapidly, and in which there are other groups interested, might not be a very long time?—A. The public is only now becoming interested and we do not know to what extent they are going to work. We hope they will make a real effort but we do not know.

By Mr. Langlois:

Q. I wonder if the witness might not answer a question which was put to Mr. O'Donnell regarding payments made by both Quebec and Newfoundland, and whether or not they are on a mileage basis and so on.—A. The right-of-way was on the basis of the actual cost, you mean?

Q. Yes.—A. $5.00 per acre.

Q. With some payments by both provinces?—A. I think so. I would not say for sure; but I do not believe I would be too far wrong.

Q. Mr. O'Donnell said that Mr. Durrell would answer a question about the rates being paid to both the governments. What are those rates?—A. In the province of Quebec we pay the rates which are set forth in their mining act; and in addition to that—in other words, we pay the same taxes that "Noranda" mines or any other mining company pays; and in addition to that tax we pay a rental of $100,000 a year, which has no connection with the tonnage. It is just a rental. In addition to the standard mining taxes set forth in the Quebec mines act, which all other companies pay, we pay all those taxes and in addition $100,000, which is something no other company pays.

Q. What about Newfoundland?—A. In Newfoundland we have an arrangement whereby we pay a percentage of the profits and also there is a small rental paid.

Q. What is this rental tax?—A. I have not the bill with me. It is in the bill which was published some years ago. We could get that information for you, but offhand I would only be guessing if I attempted to give it.

By Mr. Murphy (Lambton West):

Q. You have some concessions granted to you by both provinces?—A. That is right.

Q. Is that by reason of your exploration work?— Do you get anything from either province because you are going to build a railway and develop the area?—A. I believe the original concessions were granted in Labrador in 1936; in Quebec in 1941 or 1942; and at that time that was a remote area.

Q. How were they based?—A. How were they based you ask?

Q. Yes?—A. In terms of miles?

Q. Yes.—A. In Quebec and in Labrador, originally it was for 20,000 square miles; but we reduced that so much each year until, offhand, the company has selected 1,000 square miles.

In Quebec where it was originally around 3900 it will be reduced in three years from now.—

Q. Does the extension of this railway have anything to do with the concession?—A. Nothing at all.

Q. I wonder whether from your own knowledge or from the knowledge of your experts—supposing you were to start the railway extension—you could say how long it would take. Suppose, for example, you start next year.—A. It would take a minimum of four years unless of course we did something like we did on the other section, that is, flew in all our supplies at a fantastic cost.

Q. If you had an extension of five years from next year, that will give you six years will it not?—A. Yes, but we would require at least two or three years to make surveys before starting construction.

Q. You spoke about surveys you have made north of Scheffervelle——A. No, we have not made any surveys north of Schefferville.

Q. I think you mentioned a while ago that the first 100 miles or so would be easy.—A. Easy compared with the section immediately to the north, which is not as difficult as the middle section.

Q. How long would it take to do that first 100 miles?—A. The country is dotted with lakes and it is difficult to say. I would be guessing.

Q. Would it be any more difficult than the terrain you have already accomplished?—A. The first 100 miles north of Schefferville would be comparable to the distance 100 miles south. It is more difficult than anything we have so far accomplished in Canada apart from what was done in the Rockies. As I said the cost is very high. We have some sections which cost over a million dollars a mile. Those are north of Schefferville.

Q. I think our concern is this Mr. Durrell: in the event of some other groups obtaining permission they might be jeopardized by the long extension that will be granted to you by this parliament?—A. We would be in the same position as the Canadian National Railways and the Canadian Pacific Railway. If anyone has enough tonnage to justify it we would be only too pleased to get going right away.

Q. Suppose you were granted a five year extension together with the year ahead of us, which would give you six years, could you complete the project in that time?—A. No we could not. We would not be able to make our surveys and complete it.

By Mr. Langlois (Gaspe):

Q. Are you in a position to make an estimate of the probable cost per mile of the extension you are asking for?—A. From Seven Islands north it would cost almost $400,000 a mile. I might add that we have a railway that is the most modern on this continent. We had to make it that way. The railway extension running north would be more like the Canadian National and the C.P.R. It would not be quite to the same standard. We have to haul this summer between 80,000 and 90,000 tons of ore a day, and that is a lot of tonnage; so we built a road there with that in mind. It is built, as I say, to a very high standard—more than would be required to haul a lesser tonnage than the tonnage we have in mind.

Q. What is the average cost of that part of the line between Seven Islands and Schefferville?—A. It is $123 million for roughly 355 miles. It could have been built for half that amount if it had been built to a lesser standard.

Q. You say for half that amount?—A. Approximately. But we thought that over a period of years we would be justified in building the type of railroad that we have.

Q. So that was responsible for the higher cost?—A. That, and the fact we had to build it in such a short time. Construction of that railroad would normally have taken between 10 and 15 years. There was no means of getting into the country. You could not even get a road into it; it is a most rugged terrain with steep cliffs and narrow valleys. That is why we had to fly in almost everything that we needed in order to get the railroad built and the cost was tremendous.

Q. A while ago you mentioned docking facilities at Seven Islands. Are you not making use of the government-owned docks?—A. Hardly at all. We have 800 feet of loading docks for loading iron ore and 800 feet of additional dock used for general purposes. We are renting part of a shed for the handling of food stuff and so on.

Q. Incoming freight?—A. Yes. Just for very light stuff such as food stuff.

By Mr. Carrick:

Q. Have you in mind any estimate of the time likely to be needed for this construction?—A. My understanding is that it would take at least six years.

Q. Would you feel justified in commencing the construction of the railway right away? I understood you to say earlier that the date of beginning construction depended upon exploration to be carried out in the northern territory.—A. There is nothing at the moment to justify the construction of a railway. Surveys show areas which may be suitable for mining development, but so far, as I said, we know of nothing which would justify beginning construction.

Q. So in addition to the six years you think it would take to complete the project you would need to have a period of time in which to consider whether it would be justified to begin construction?—A. It would take at least three years to locate sufficient tonnage.

By Mr. Hamilton (York West):

Q. What did you have in mind when you got your original franchise? Was there some prospect you were going to need this development?—A. At the time the charter was acquired in 1947 we knew from evidence of surface deposits that there would be substantial tonnages of iron ore. The situation is entirely different in the case of base metals which usually require an underground mine for their extraction. Thus it takes much longer to develop and prove a base metal mine than an iron ore mine.

Q. What I mean is this: when you made your original application to this committee you must have known that you had a definite iron ore body but you were still prepared to ask for this franchise with a time limit to go through this area which, you now say, is not proven to the extent which would justify taking action. What has made you change your mind?—A. We have not changed our minds. We asked in 1947 for the right to build a railway. We built it to Knob Lake. The geology to the north is favourable and inasmuch as we own the railroad and have built it at terrific cost is it not reasonable that we should be the logical ones to extend the railway? It is available to everybody; we developed the country and I think we have made a very substantial contribution to Canada in building this railroad.

By Mr. Hosking:

Q. I understood you to say that if any other company wished to build another line there would be nothing to stop them.—A. There would be nothing to stop them.

Q. I suggest that it would be damaging to free enterprise if we were to cut these people back. They have gone ahead and developed this section of the country in a very large way. To step in now and say "five years" when it takes three years to carry out an adequate survey would in my opinion be most discouraging. To say now "we don't trust you; we are going to make you do this in a certain way and we are going to embarrass you by insisting on this" is in my opinion a terrible blow to free enterprise and would be discouraging to capital. If any other organization which is interested can build another line beside the present one I cannot see what the difficulty would be in meeting this proposal. When I raised my original question I saw the danger of a possible monopoly, but the witness told us straight out that anyone could build a line who wanted to build one. Surely we should not hamstring people such as the present applicants.

By Mr. Green:

Q. When you showed the committee the small map you showed us a stretch of base metal territory running to Ungava Bay and to the west of it a similar stretch of iron ore territory.—A. Yes, there is a possibility of finding enrichment in it. There has been a great deal of exploring done on the iron ore field apart from the low grade ore in the vicinity of Ungava bay.

Q. There are iron ore possibilities on the way north from Schefferville to Ungava bay?—A. I do not say somebody would not find an iron ore mine in between. The most central deposit of high grade ore which we have is about 50 miles northwest of Schefferville at a place called Eclipse.

Q. Whose is that?—A. It belongs to the iron ore company.

Q. Supposing another company were to find a big iron ore mine in that area? You say you would extend your line in order to get out this competitive iron ore?—A. Yes sir. We offered to operate the railroad into Wabush Lake, a property which may go into production before too long, but they preferred for various reasons—I believe so they could get some assistance from one of the provincial governments—to build their own branch line. But, as I say, we did offer to build a railroad to Wabush Lake. Our rates from Seven Islands to Schefferville for household commodities and so on are, I might add, the lowest in Canada. We are not out to exploit people. We have established rates for the transport of household goods and similar articles which are not rivalled by any in the Dominion of Canada.

Q. These are your own employees?—A. No, anybody else's. Those who are really "cashing in" are the mid-Canada line. They are taking advantage of the low rates.

Q. In your charter you have the right to make an agreement with other companies for sale, lease or amalgamation and also to purchase railroad shares and securities of other companies. Are any contracts of that kind in existence? —A. No; none at this time.

Q. You have not taken advantage of that section?—A. No.

By Mr. Langlois (Gaspé):

Q. Just a while ago you gave us the figures of your traffic from Schefferville to Seven Islands. Can you tell us what is your total traffic from Seven Islands to Schefferville?—A. You mean in terms of tonnage? In 1955 we hauled 8½ million tons of iron ore besides general supplies. I have not got

the figures for general supplies with me at the moment, but 8,527,000 tons of iron ore were moved. In 1956 if the weather is good and all goes well we hope to haul 12 million tons.

Q. You have no figures with regard to northbound freight from Seven Islands to Schefferville?—A. Not at the moment.

Q. What type of passenger service are you providing on this line?—A. We are running three trains a week in the summer. We bought good coaches last year, and our passenger rate is comparable to that of the other railways. I mentioned earlier that our freight rates for household commodities and similar articles is the lowest we could find in Canada, and that is without the advantage of the 20 per cent subsidy.

Q. What about the wages that are paid to your manpower? How do they compare with those paid by the C.P.R. and the C.N.R.?—A. Our wages are a little better for the simple reason that we cannot haul iron ore in the winter. We could, however, haul a concentrate, but the ore we are dealing with contains a considerable amount of water and thus our traffic is limited to six months of the year, though within that period it is very heavy. We pay almost as much in those six months as would normally be paid in twelve months.

Q. That means that although your operations are reduced in the winter months there would be no "lay-off"?—A. Not very much lay-off. We do have some. Movement from Montreal east in winter is heavy, and the two big railway companies have a surplus of manpower in the summer which we are able to use. It works out very well.

By Mr. Hosking:

Q. What is the size of cars used by your company?—A. Ninety long tons. They are very heavy cars.

Q. How many ore cars could you put on the train?—A. This year we are hauling an average of 130 cars per train. We will haul 16,000 train tons including the cars.

Q. How many miles an hour would you average on that run?—A. With loaded trains, about 30 miles an hour.

Q. I understand they are using diesel power?—A. Yes, exclusively. We have two steamers for hauling in the spring.

By Mr. Weselak:

Q. I understand wou have the right to bring the railway from Schefferville to Ungava Bay. Dose your original charter contain any provisions giving you exclusive right?—A. No.

Q. There will not be a further application?—A. No.

By Mr. Howe (Wellington-Huron):

Q. In 1947 when this charter was first given was any consideration given to asking our two railway companies to build this railway? Where they approached by the Iron Ore Company to build this railway?—A. That I cannot answer. I became a member of the company late in 1947. I was not an employee of the company when the original bill went through.

Mr. LANGLOIS (*Gaspé*): The answer is no.

By Mr. Howe (Wellington-Huron):

Q. A lot of our railway lines are not too profitable and this was a nice one to add to our Canadian National Railways system.—A. In 1947 when I came to the company we did not have enough ore in sight to justify the building of a railway. We spent $10 million in exploration work before we found enough tonnage, and it was in 1949 that we had sufficient tonnage in sight to justify a railway.

By Mr. Langlois (Gaspé):

Q. I understand your company has made an extensive study of the possibilities of heating the cars in order to be able to haul this ore during the winter months.—A. We have been trying over 75 years on the Mesabi Range to do the same thing and no one has come up with an answer. We have not found a way and neither have the operators in the United States. If a carload of ore is completely frozen the cost of thawing that ore is more thant the value of the ore in the car. When the ore is freezing you just have to cease operations.

Q. If your smelter is built we understand this will make possible winter shipments and increase your operations?—A. Definitely.

By Mr. Hamilton (York West):

Q. Could I go back to the question asked before Mr. Langlois started, in which you said that in 1947 you did not have any indication at that time as to what this area could produce. It was not until 1949 that $10 million had been spent and you knew exactly where you were going. You still came here in 1947 and asked for the right to build this railway, not knowing exactly what you would be producing and you are in the same position today. Why do you need the ten years? You say to us that you do not know what is up there, but you were in that position when you came here in the first instance.—A. In 1947 we did not have sufficient tonnage; in 1949 with intensive drilling and an expenditure of about $10 million we had sufficient. We are in exactly the same position. Now we know that our surveys show a possibility. There is no difference between our position now and our position in 1947; it is very similar.

Q. Is not two years sufficient for you to prove that out and another four years sufficient to get this road built?—A. No, sir. Proving base metal deposits could take considerably longer. Mostly our ore was surface deposits and it did not take too long to draw those. It took a little over two years, three years; we were three years proving tonnage. A lot of that ore had been found in 1936, so actually exploration work in connection with the Iron Ore Company deposits had been going on since 1936.

Q. Do we not have that same background—

Mr. McCULLOUGH (*Moose Mountain*): May I ask you, Mr. Chairman, to ask the members of the committee to stand up when they are asking questions? It is very difficult to hear and this conversation back and forth makes it impossible for us at the end of the room to hear.

Mr. LANGLOIS (*Gaspé*): Mr. Durrell, have you been requested by any of the companies holding mining rights north of Schefferville for this extension?

The WITNESS: No, sir. We have not.

By Mr. Follwell:

Q. Mr. Chairman, I would like to ask the witness a question. First of all we have not been able to hear anything down here. Would you mind asking the witness if we can repeat two or three questions? How many trains do you run at the present time per day or per week? You said something about doubling up in six months.—A. We haul ore in the summer only—in six months, usually from the middle of May until the middle of November. Our traffic is very heavy during those six months. In the winter months we run supply trains, two or three trains a week at the present time.

Q. Do you anticipate running ships from Ungava bay when you get complete development?—A. Not our company; no, sir. But if they develop large deposits of iron ore of commercial grade they will no doubt haul it from Ungava bay by ship.

Q. Did you tell the committee it had been indicated somewhere not seven miles from Knob Lake area there were some very substantial iron ore showings?—A. There is a deposit at Wabush lake which we understand might be developed and in which event we would have to haul the ore. It would be subject to the Board of Transport Commissioners regulation; they would have to approve it and they would assure it was at a fair rate. We are subject to all their regulations.

Q. That is very near the end of your line?—A. No. It is 40 miles west of Mile 224 on our line.

Q. Are there not some showings which have been proven up or are in the process of being proven up somewhere between Knob Lake and Seven Islands?—A. I read in the paper that Jones and Laughlin had optioned some ground. They have not done work yet, but will this summer. We are prepared to handle their tonnage if they bring it to us.

By Mr. Hahn:

Q. Is the harbour at Seven Islands operated by the company?—A. The ore loading facilities are operated by the Iron Ore Company of Canada, not by the railway.

Q. Has there been any dredging done in that area?—A. Yes, by the Iron Ore Company of Canada, and we have 37 feet of water at low tide. We did considerable dredging of it.

Q. At low tide 37 feet?—A. Yes. The new ore carriers will carry up to 45,000 or 50,000 tons of ore, so it requires a very substantial dock.

Q. Does the harbour itself fill in at all?—A. In some sections, not where we located our docks. We are reasonably free from silting conditions.

Q. You are not doing any dredging on a regular basis?—A. Not yet. We may have to later.

Q. The Iron Ore Company paid for the dredging?—A. Yes, every cent of it.

Q. The employees on the railway are union employees?—A. Yes.

Q. And you say the rate of wages they receive is higher than the C.N.R.?—A. I would say they are a bit higher. Their take home pay is higher. It is paid on a mileage rate. It is on both hourly and mileage rate and looking at the payrolls our manager on the railway has informed me their take home pay is somewhat greater than they would receive on the other railways.

Mr. LANGLOIS (*Gaspé*): Do they have the 40-hour week.

The WITNESS: No.

By Mr. Hahn:

Q. How many employees do you have?—A. In the summer months we have about 1,200.

Q. What does it cost per mile to operate railway as it is now operated?—A. That is a question which is a little hard to answer. Certain sections of it are different from some of the others. It is a new railway and our maintenance for the next five years will be greater than when the road bed is stabilized.

Q. It is a diesel-operated railway?—A. Yes.

Q. How long do you expect your rolling stock will last?—A. The ore cars are the best design we know of and will last for 20 or 30 years I think.

Q. And how frequently do you intend to replace your locomotives?—A. That depends entirely on the maintenance program. They will last probably for 25 years; that is a guess.

Q. The reason I asked this question is, as gentlemen of the committee are aware, that we have had considerable difficulty with replacing of diesels

on our C.N.R. lines, and the dieselization turnover. I think we should be able to compare our railway line with what you have and arrive at a basis as to why you can operate cheaper or give lower rates, as you apparently do?—A. No. We just do on certain items.

Q. Could you give us the rate on iron ore?—A. $3 a ton from Schefferville area to Seven Islands. It is 355 miles to Schefferville. The average haul of ore would be about 310 miles.

Q. Are there no stations along the route where you stop your trains?—A. Yes, at the divisional point at Moisie, Mile 186. There are other sidings, but that is the only divisional point. When you look at the C.N.R. and the C.P.R. it is not a fair comparison. We just operate on a large scale six months of the year and have plenty of time to overhaul during the winter months. If we were using our locomotives twelve months in the year as the other railways are, the requirements would be entirely different.

Q. Do you have your own maintenance shops?—A. Yes, very extensive shops.

Q. You do all your own work?—A. Yes.

Q. Your equipment is bought from the United States or from Britain?—A. It is bought in Canada. Our locomotives come from London, Ontario. Canada Car have built most of our ore cars. We bought a few cars in the beginning in the United States when steel was not available here. We were instructed to purchase it there. They did come from the United States on instructions from the government owing to the shortage of plate at that time. That was away back in the beginning. Since then we have been buying almost 100 per cent Canadian, and in the $255 million I do not think probably more than 5 per cent went out of the country.

Q. How much tonnage would you expect a mining firm other than your own to show you before you would be willing to extend your railway into an area? Let us say indications were that about half way up there was another mining area which looked very equitable?—A. They have substantial tonnage there and we offered to bring a branch into the mines, but the mines preferred to build their own branch. I do not know what tonnage they have. They are talking eventually of shipping about three million tons a year from that area, Lake Wabush.

Q. Your charter calls for the acceptance of any ore from any other mine that might load, to your own?—A. Yes. Under the railway act as a common carrier we are in exactly the same position as the C.N.R. or the C.P.R.

Q. They need only to prove to the satisfaction of the Board of Transport Commissioners that there is a need for the extension of your line and you would have to build it into that area?—A. If it were economical we would have to haul whatever they bring.

By Mr. Murphy (Lambton West):

Q. You mentioned a rate for the 355 miles of $3 a ton?—A. For iron ore.

Q. For iron ore. How does that check with other railway companies for the same distance?—A. I would say it was just about the same. It is, roughly, one cent per ton mile. The average rate from Knob Lake to Seven Islands is about ·8; and the Canadian National rates from Atikokan to Steep Rock, or rather to Port Arthur, is about the same, but it is a more difficult haul. For the first 150 miles we have no adverse grades but we do drop down a hill for 1,900 feet for about 100 miles and so it is a more difficult haul than it is from Steep Rock to Port Arthur, where the rate is approximately the same.

Q. You operate for six months?—A. That is right.

Q. Your railroad is making money?—A. At that rate we shall be, and we expect that by the end of this year, allowing for some depreciation, which we are allowed, we shall be paying taxes.

Q. On railway operation?—A. Yes.

By Mr. Langlois:

Q. Referring to the construction of new ore carriers a while ago, are those ore carriers being built by your company?—A. Not by the Iron Ore Company of Canada, but by partners of that company.

Q. Where are they being built?—A. In the United Kingdom. Two have just recently been launched with 31,000 long ton capacity, and they will be in service next year. There are more being built at the present time by other partners; that is not the Iron Ore company.

Q. Can you tell the committee if those ships are designed to carry grain and wheat on east-bound voyages?—A. They would be very satisfactory for that purpose.

By Mr. Holowach:

Q. What possibility is there of your not building this mine?—A. We are about where we were in 1947. With favourable geology we have every hope that enough will be found in the north to justify the extension, but it is in the lap of the gods. You have to find it out.

Q. Do you feel that it will take approximately ten years to discover whether it will be economically feasible to build that line?—A. I do not think it should take ten years; it depends on how many companies are working, and the extent and the rate at which they work. For instance, my dad worked in Chibougamau in 1905, and it took them 50 years to build the railway.

Q. Are you aware that there are other companies who are interested in the completion of this line?—A. I do not know of any.

Q. How do you intend to finance your line? Can you tell us?—A. We financed this line ourselves. We did not go to anybody for assistance. Out of the $255 million we have spent for capital expenditure, we borrowed $145 million from insurance companies. I regret to say that Canadian insurance companies were offered the first "crack" at it but unfortunately we only had four who would participate. They felt that the development of the north country was not properly justified so the bulk of our money came from American insurance companies. Canadian companies were offered the first chance. That was a blow to me. I am a Canadian.

Q. Do you feel that this extension will experience the same problem?—A. I do not know. It may be that we could get money in Canada now.

Q. With respect to the metals hauled on your lines at the present time, is that metal processed in Canada or elsewhere?—A. In Canada, in the United Kingdom, in continental Europe and in the United States. We are selling to three Canadian steel companies. We are selling ore in the United Kingdom, and we are selling ore on the continent and in the United States.

By Mr. Hosking:

Q. Could you tell us something of the troubles you have had about buying rails, procuring your rails to go in there?—A. We did have fairly good co-operation. I would say that 90 per cent of our rails came from Sydney, and the other 10 per cent from the Sault. At the time we were buying rails everybody wanted rails and we had a lot of headaches in procuring equipment that we required to do this job.

Q. It was just before the Korean affair?—A. Yes. We were authorized to commence construction at the end of 1950 and we began in earnest in 1951, when all materials were in tight supply and there was a terrific bottle-neck.

By Mr. Murphy (Lambton West):

Q. To what extent did the Canadian insurance companies participate?—A. $2 million.

Q. Out of how much?—A. Out of $145 million.

By Mr. McCullough (Moose Mountain):

Q. You are asking for a ten year extension. Does that require any minimum expenditure, or does it just give you a complete blank franchise?—A. I do not think it requires any minimum expenditure.

Q. I understand that at least for accounting purposes the Quebec North Shore and Labrador Railway Company and your Iron Ore Company have separate accounting practices?—A. Definitely.

Q. Would you be prepared to give to the committee the annual investment or cost of each of these from 1947 to date, showing the expenditure as well as the income from the investment?—A. The information is available, if the committee requests it. We could make it available.

Q. I would like to have it.

By Mr. Green:

Q. A few moments ago you mentioned the countries to which you were selling iron ore. Have you got the percentages?—A. I have not got them with me. I am sorry, but I could give you a rough idea. This year, in 1956, we shall be sending approximately, two million tons to Europe. I think most of it will go to the United Kingdom. Probably we shall sell between one million and two million tons in Canada, while the other tonnage which we sell will go to the United States.

Q. What is your total production for this year?—A. For 1956, 12 million tons. We hope to establish 12 million. But that is problematical. It depends upon many other factors.

Q. Out of 12 million tons, between eight million and nine million will go to the United States?—A. Yes. We also import quite a bit of ore from the United States into Canada. At present the Steel Company of Canada has an interest in a mine in the United States and they get a lot from there.

By Mr. Hamilton (York West):

Q. Can you give us the total Canadian consumption?—A. The Canadian consumption last year was just under five million tons. Dosco has its own mine, but they buy other ores with which to "sweeten" their own ore.

Algoma buy Michigan ores. The Steel Company of Canada has an interest in a mine in the United States, and it is developing a mine up the Ottawa river. We are selling all the ore we can produce.

By Mr. Green:

Q. Is the ore which you sell smelted by your company in any way?—A. The ore we sell is just raw ore.

Q. You are merchants of raw iron ore?—A. That is right.

The CHAIRMAN: Carried. Are there any further questions?

Mr. GREEN: Will you call the first clause now?

The CHAIRMAN: Shall the preamble carry?

Carried.

Clause 1—"Extension of time for completion of line."

Mr. GREEN: On clause 1, Mr. Chairman, I would like to move an amendment in line 9, to substitute the word "five" for "ten". The result of that would be that the extended time within which this company could complete the extension to Ungava bay would be five years from the 14th May 1957 instead of ten years. In other words, they would have until the 14th May 1962.

In support of this amendment I point out the nature of this railway changes from Schefferville to the north. The company built this line from Seven Islands to Schefferville for the purpose of getting out this company's own

ore, the parent company's own iron ore. But once it goes beyond Schefferville then the company has no specific interest, and the line will then become a railway for the use of other Canadians who are interested in that particular area. There is quite a different background, then, for the construction from Seven Islands to Schefferville.

I would point out also that the area is developing rapidly. Mr. Durrell admitted that himself. We all know it and it is common knowledge. Many other people are taking an interest in getting into this area north of Schefferville.

Then Mr. Durrell also pointed out that there are iron bearing formations all the way up from Schefferville to Ungava bay. It may very well be that there will be just as large mines north of Schefferville as there are at the present time in the vicinity of Schefferville itself. So I suggest to the committee that this company, which, after all, is only a subsidiary of American Steel companies should not have a strangle hold on this country north of Schefferville going to Ungava bay.

It is all right to give this company a concession, but there is no rhyme or reason why this company should have a strangle hold on the country in question for ten years. They can sit down and do absolutely nothing for ten years, and in fact nobody else can move into that area.

Mr. CARRICK: That is not true. Why not?

Mr. GREEN: You may make your own argument. It would be foolish for any other company today, with this company having a charter for a period of ten years. They would suffer no harm whatever if given an extension for only five years. Then they would be able to come back to parliament at the end of that time, and if they are people who at that time are considered eligible to build the railway, or have taken any steps to indicate that they intend to build the railway then parliament will, without any question, give them a further extension.

That should be the case in a very important and rapidly developing area of this kind. We cannot be too careful about handing out a ten year concession to a private company, and particularly to a private company controlled by huge American steel interests.

Make no mistake about it. If this is done, then control will go right down to Cleveland. The decision is not going to be made in Canada by Canadians. The decision is going to be made in Cleveland by Americans.

I suggest that this committee should be a little careful in recommending to the house that this company get an extension of ten years at this time. Let them have an extension for five years and at the end of that time let them come back here to parliament. Therefore I move my amendment seconded by Mr. Murphy (*Lambton West*).

Mr. BARNETT: I wonder if the member who moved the amendment would be willing to go a little further. I can understand the purpose of this amendment, that the bill should then read that the company was to commence construction of this railway within a period of five years. But as I understand it the amendment was simply to specify that the company must complete the railway within five years from the date of the bill; and that would suggest to me that the proposal is tantamount to saying that if this bill is to have any meaning or effect whatever, what we should be saying to the company is that they must commence immediate construction or survey of this railway.

Otherwise, at least as I understand the evidence that was given by the witness for the railway company—otherwise it would be a physical impossibility to complete the railway within the time in which it is supposed to, within this bill.

I would like to know whether or not my friend considers that his amendment is made on the basis of the evidence, and if he is suggesting in fact that the company must immediately commence the extension of that railway northward from Schefferville to Ungava bay.

Mr. GREEN: Well, the original charter provides that the company must within five years from the passing of this act commence to work on the line of the railway and must within ten years after the passing of that act complete the said line. They have already complied with the first part of that provision by actually commencing construction. We are asked to make an amendment simply to extend the time allowed from then years to twenty years. My amendment would have the effect that they would have to complete the line by 1962.

An Hon. MEMBER: And commenced right away.

Mr. HAMILTON (*York West*): I do not think there is anything in this amendment which indicates that the line must be commenced this year and I do not think there was anything in the evidence which we have heard to suggest it must be.

An Hon. MEMBER: Yes, there was.

Mr. HAMILTON (*York West*): There was an indication that it might take a couple of years to prove out that there is a sufficient body of ore to warrant construction of a line north. This whole plan was quite satisfactory to this company back in 1947 and they did not have anything proven in this area at that time. They were satisfied when they came before this committee at that time to start construction within five years and complete it within ten years. If they were satisfied at that time it would surely be making a considerable concession to grant a further five year extension now and I do not think it is any disability so far as the company is concerned for them to come here, let us say in five years' time, and indicate whether they feel there is sufficient reason for them to go ahead and ask for a further extension.

If there is anything I don't like it is public monopolies. I like private monopolies little more—or less, if that is the correct English—and if we take one step further here, then we are going to establish monopoly control completely outside this country in a matter affecting the natural resources of this country. The mover of the resolution has intimated that this is what is at stake here; it is handing over control of Canadian national resources to Cleveland. We have seen enough of that kind of thing done in Canada for the last 15 years and it is time we called a halt. We should try to turn the clock back and secure control of our own resources and see if we ourselves can make a major contribution to mining and processing. Five years will give this company adequate time for them to make a decision in connection with what it proposes to do. I do not think the statement made by Mr. Hahn was properly answered. He said: "does that mean that if there is something proven out there you people must go ahead and get the stuff out?" They have no such responsibility. If you bring the iron ore to them and place it on their doorstep, then under the Railway Act they must carry it, but they do not have to go out and seek freight. If it is suggested than anybody can go out and build a line of this kind, I say we must consider how this would work out in practice. Here we have an organization which, for all practical purposes, has had an exclusive concession in this area. If somebody else should seek to come into it they would certainly be told: "there is already in existence a company which is developing the area."

Mr. BYRNE: The hon. member who has just spoken states that he has an aversion to monopolies. I have an aversion to inconsistency. The evidence, as given in answers to questions by Mr. Green, has shown that there is

no potential market at the present time for iron ore concentrate in Canada. The steel companies now operating within Canada have their own iron ore deposits. Now the Conservative party policy—the policy that they seem to intend to develop in the future—is that Canadian products should be used entirely within Canada. . .

Mr. GREEN: Mr. Chairman. . .

Mr. LANGLOIS (*Gaspé*): Let him make his speech.

Mr. CARRICK: You want a monologue as well as a monopoly.

Mr. GREEN: If the hon. member for Kootenay East (Mr. Byrne) is going to discuss Conservative policy I would like to know whether that is in order here because in that case I would want to take some part in the discussion. The hon. member has misrepresented Conservative policy by saying we do not want any of our natural resources to be exported. I think he should be ruled out of order for entering on a discussion of that kind. Either that, or we should all be ruled as being in order if we proceed with it.

Mr. BYRNE: Mr. Hamilton has already this morning entered upon the question of policy—whether this should be a Canadian monopoly or otherwise. In any event it has been shown that there is no immediate market for ore in Canada. I think it is also true, and should be brought out in this committee, that should there be a market in the near future the company here concerned could supply a measurable amount of concentrate to Canadian companies.

Mr. Green is so insistent that a line should be built to Ungava bay immediately. . . .

Mr. GREEN: I did not say that.

Mr. BYRNE: . . . . or within five years in order, one may presume, that more iron concentrate may be produced. The inevitable result would be that if ore concentrate were produced it must be shipped and that it would consequently be shipped to a foreign market.

For my part I think this company has done an admirable job in developing the northern part of Quebec up to the present time, and I have sufficient faith in free enterprise to feel that if they were convinced that it was economical at the present time to continue the line to Ungava Bay they would do so. They have invested their money without recourse to subsidies from either government and I think we should take kindly to this request that the line should be completed after the ten year period.

Mr. LANGLOIS: I do not agree with the suggestion made by the mover of this amendment and by Mr. Hamilton that by accepting the amendment we would be giving a delay of five years to the company in which to make up its mind. This amendment is apparently based on a misunderstanding of the bill because—if you read the bill—it is apparent that after this ten-year period, which the amendment proposed to reduce to five years, the company must complete and put into operation the proposed extension. Therefore if we cut this delay to five years it means the company would have to start the building of this railroad tomorrow. We have heard evidence this morning that it took four years to build the first part of the railroad and that the terrain from Schefferville north to Ungava Bay is still worse than the experienced in the construction of the first part of the line. Mr. Durrell also mentioned that it would take some three years before a complete survey is made of the terrain north of Schefferville, This means that even if the company started work tomorrow it would not be able to complete the railroad within five years as has been suggested by Mr. Green in connection with his amendment. It would take at least seven years and probably eight or nine years.

Mr. CARRICK: Mr. Hamilton has suggested that because the company received the power to complete the railway within ten years under its original charter that constituted a responsibility upon the company to complete the construction within ten years. I do not agree. Everybody knows that when an applicant comes before this committee a period of time is mentioned which in the best judgment of those presenting the case is a period likely to be sufficient to enable the project to be completed. Mr. Durrell gave the committee a perfectly good reason why the company needed an extension of time and I think it is a reason which should satisfy every member who has considered the matter.

As far as the suggestion of a "stranglehold" is concerned, I cannot bring myself to believe what Mr. Green has envisaged. There is nothing to prevent any other company coming in if it desires to do so, and the Board of Transport Commissioners would oblige the Quebec North Shore and Labrador Railway to extend its facilities from Schefferville to the south.

It is not accurate to designate this extension of time as giving a "stranglehold" to this company. I think the witnesses have given us a fair explanation of the reason for which they are requesting an extension to ten years. Mr. Durrell has told us that it cannot be completed within six years. In spite of what Mr. Green has said I suggest that his amendment would require the company to commence construction right away. That is what the amendment would, in fact, mean and Mr. Durrell has stated plainly that this would be neither economically desirable nor feasible until some proven reserves had been discovered in the north.

Mr. MURPHY (*Westmorland*): I have heard sufficient to enable me to go along with the company's request for a delay in connection with this railway. It would appear to me that ten years is a short enough time in which to complete a line from Schefferville to Ungava bay. I can quite understand the mover and the seconder in their anxiety that such a delay should not be granted because they are entitled to believe that they might have more to say in five years time than they have now.

An Hon. MEMBER: False hope.

Mr. MURPHY (*Westmorland*): When you get down to building railways ten years is a short time. There is one more thing which I would like to bring to the attention of the mover of the resolution in connection with his description of the company and the so-called "stranglehold" on the company in Cleveland. I presume that this is a Canadian company; in fact I know that this is a Canadian company with a Canadian head office. The inference that everything will be done in Cleveland is an argument that might frighten members of the committee if it were said, for example, that control of the Canadian National Railways rested in the Kremlin. But these are our neighbours to the south and I am wondering whether the mover of the resolution really means that there are shareholders, or people outside of Canada who when they come to the meeting at the head office in Canada are still American citizens. It would appear to me that this does not seem to be the policy which has been followed. I have heard Mr. Green and the others championing the Canadian Pacific Railway and I would say that in the past at least, if not in the present, that decisions on the C.P.R. are not made in Canada but perhaps in the United States and across the pond. I cannot follow his reasoning and I would like him to explain what is so wrong with people from Cleveland, our neighbours to the south, having something to do with the railway. Is it intended to frighten the members of the committee who are Americans and who would have a say in the development of the Canadian Pacific? We members in the government here have a say in certain railway lines controlled by the Canadian National Railways in the United States. I forget the names, but they are listed in the

report every year of the C.N.R. Should we regard the C.P.R. in the same light as this railway? I think what they have asked is only fair, and we should get down to business and pass this bill.

The CHAIRMAN: Are you ready for the question?

Mr. BARNETT: I think, Mr. Chairman, I have raised some of the discussion on the amendment and that I should make my position clear by saying that in contrast to Mr. Hamilton I much prefer, if we are going to have a monopoly, that it be a public monopoly. Notwithstanding that, I would like to make it clear that I do not consider it to be fair to ask the monopoly concerned, whether they be public or private, to undertake something which is not reasonable. I would like to know whether any interest has been shown or whether there are any witnesses desiring to appear before this committee urging upon us the necessity for the immediate construction of this railway to the north. If there were mining or other concerns or Canadian people in that area who were pressing the necessity for the immediate construction of that railway, and the holders of this franchise were holding back on the construction, then I think the amendment proposed by Mr. Green—which I still feel in effect is suggesting that immediate construction should be started—would be fair and reasonable. If there are such representations to be made, I think this committee should hear them. But I do not think it is sound economics from the national point of view to urge the construction of an expensive piece of railway line which somebody is going to have to pay for directly, or indirectly which the people of Canada are going to have to pay for, if in fact the economics have not been proved to justify the construction of the railway. I think it would be foolish for us, as representatives of the Canadian people, to insist that this company hold to what may have been a bargain made in 1947 for the construction of a railway line which has not been proven to be economic.

I would be quite happy, in some respects, to support the amendment proposed by Mr. Green, but I think before I did that I would want to see something more tangible in the way of evidence that the immediate construction of the railway line is required than the committee has heard so far.

Mr. HOSKING: Mr. Chairman, since I instigated the discussion of this I think I should have something to say at this time. I raised the question of these developments there and how they would control it. I would take whatever plan there was and go along with it. I think this should be said: If this amendment passed, the directors of the company would promptly say, "We can do nothing about this; we will just stop. There is nothing there worth going after at the present time. So if this amendment goes through we could not possibly complete it in five years unless we started right away. There is nothing there to make it worth while now and we will wipe it off our books." That would be a very serious thing. I think we should go back to the time when they were having trouble getting rails and things required, and C. D. Howe had the dictatorial powers to say whether they would get those rails. It was C. D. Howe who gave them the assurance that this was an important project, and that he wanted them to go on with it despite the fact that there was a war on. The materials were required in other places, but it was his attitude which encouraged this company to go in there. Surely now we should not take the attitude we are going to have them start to do something which is not feasible and which there is no demand for right now—start right away, or get out. That is a most illogical attitude to take and one not becoming to the Conservative party.

Mr. HAMILTON (*York West*): You just look after pour party.

Mr. HODGSON: I resent politics being brought into this. This company had a right to construct the whole line. They have done very well and have constructed half the line. The Canadian parliament gave them permission

for control for ten years. If we give them another ten years we give them control of that company for another ten years. Not all the Grits are fair-minded members of parliament, but the big number are, and if this company had an extension for five years I am satisfied that if they made any start at all, showed any reasonable reason they were going to go on and construct it, that if they came back to this committee, irrespective of who were the members on it, they would get another extension for a further five years.

The CLERK OF THE COMMITTEE: Mr. Green moves, seconded by Mr. Murphy (Lambton West), that the word "five" be substituted for the word "ten" in clause 1, line 9, of the bill.

The CHAIRMAN: All those in favour of the amendment please stand. All those against the amendment please stand.

I declare the amendment lost.

Shall clause 1 carry?
Agreed to, on division.

Shall the title carry?
Agreed to.

Shall the bill carry?
Agreed to.

Shall I report the bill?
Agreed.

EVIDENCE ON BILL 151 (LETTER Q OF THE SENATE): AN ACT TO INCORPORATE HYDROCARBONS PIPELINE LIMITED

The CHAIRMAN: The next is bill 151 (Letter Q of the Senate), "An Act to incorporate Hydrocarbons Pipeline Limited". Mr. Weaver will speak to the bill.

Mr. GEORGE DYER WEAVER, M.P. (*Churchill*): Mr. Chairman, we have with us today Mr. E. H. Coleman, Q.C., who is acting as solicitor for Canadian Hydrocarbons Limited, Mr. D. M. Deacon, Vice-president and director of Canadian Hydrocarbons Limited, and Mr. R. K. McConnell, director of Canadian Hydrocarbons Limited.

Before we call on Mr. Coleman I would like to say that when this bill received second reading, there was some question raised as to the powers in the bill and I wanted it to be clear in the mind of the committee that all the powers sought in this bill, and in some cases wider powers than are usually sought, were granted last session to several companies including Consolidated Pipelines, Petroleum Transmission Lines, S. and M. Pipelines Company, Stanmount Pipelines Company, Trans-Border Pipelines Company, Trans-Prairie Pipelines Company, Westspur Pipelines Company, and Yukon Pipelines Company Limited.

There is nothing unusual in this bill. It is the same type of bill that you have passed many times in recent years.

Mr. E. H. COLEMAN, Q.C. (*Parliamentary Agent for the applicant*): Mr. Chairman and members of the committee, Mr. Weaver has stated that the form of the bill is identical with the pattern which has been followed in relation to many similar bills during the last session. This is the first pipe line, however, which deals with the products of a pipe line.

The interests promoting the company are Canadian Hydrocarbons Limited, a dominion company incorporated under the Companies Act. Before I proceed further, Mr. Chairman, I notice that caput 3 of the bill provides that the capital stock of the company shall consist of one million shares without nominal or par value.

With your permission I would like to file an affidavit of Charles Whitefield Chappell, one of the applicants and solicitor of the company, to the effect that the aggregate consideration proposed to be received by the company on the issue of one million shares without nominal or par value constitutes the authorized capital of the company, namely $25 million.

If the committee sees fit to report the bill, I can pay the appropriate fee on that capitalization. As I have said, we have here Mr. D. M. Deacon, vice-president and director of Canadian Hydrocarbons Limited and he will, if the committee so desires, be very glad to deal with the proposition from a business point of view, and will endeavour to answer any questions which might be put to him.

D. M. Deacon, Vice-president and Director of Canadian Hydrocarbons Limited, called.

The WITNESS: Mr. Chairman and members of the committee, the purpose of this pipe line can well be described in the words which Mr. Coleman used earlier today, as well as those of Mr. Weaver, that this is to get the "squeak out of the pig". We have in operation now Interprovincial Pipelines from Edmonton to Sarnia. We have heard and seen a lot of discussion, and I understand this year that Trans-Canada Pipelines is hoping to bring gas from the west.

This pipe line is for the actual products which we believe will become a waste unless a proper market is developed for them across the western provinces. I mean the liquid petroleum gases or l.p.g. (liquid petroleum gas), which is the term commonly used in the petroleum industry.

We visualize that our pipe line will start from around Bonnie Glen and proceed down from Regina and take on refinery products there to supply the refiners with products, and then on to Winnipeg via Brandon.

As yet the route has not been definitely laid out. We have done most of the surveying and some of the engineering on the project which has cost us in the neighbourhood of $20,000 but we feel that the detailed engineering of the whole plan is not yet warranted until we know that we have the necessary permission such as this charter would give us to proceed with this line.

Now, we want by means of this line to make these l.p.g.'s available across western Canada at a price which will permit their use as heating fuel in competition with fuel oil. It makes propane, which is the primary product Canadian Hydrocarbons is presently engaged in selling—it makes it competitive with fuel oil for heating buildings, for heating water, for cooking, and for gasoline for use in tractors.

Only by pipe line transportation can we keep the cost of Alberta propane and surplus propane low enough in Manitoba and in most parts of Saskatchewan, to develop an attractive and sizeable market. Otherwise we shall have to visualize a substantial amount of flaring or just burning off. This is a waste of gases which are presently waste gases and which could be utilized by a farmer where he has a tank to drive his tractor, heat his house, heat his brooder house, and heat his water supply. It is also available for cooking. It a multiple purpose fuel, and it is ideal for that section of the population which is not adjacent to or conveniently near to natural gas distribution.

The approximate size of the line as we estimate it right now would be eight inches from Edmonton to Brandon, and six inches, a smaller line, from Brandon to Winnipeg. The distance would be approximately 745 miles, so it is quite a small project but we feel it would be a very useful one in utilizing waste products for the production of these l.p.g.'s which will become available in vast quantities when our natural gas begins to move out of Alberta.

The estimated cost of the line is $24,788,000; that of the gathering system in Alberta $6,974,000; that of the storage facilities on the prairies $4 million; or an estimated total cost of $35,762,000.

As I have already mentioned the purpose of this line is to get the l.p.g.'s and make them available across the prairies at prices at which we can greatly enlarge our markets.

An example of why we need it is that our present rail rate from Edmonton to Brandon is almost as much as the total laid down cost of propane imported from the United States. As a result at the present time, we are bringing most of the propane used in Manitoba in from the States. We feel that with this pipe line we can greatly increase by many times the use and consumption, and in a useful way, of propane in western Canada.

If there are any questions I shall be pleased to answer them.

By Mr. Langlois:

Q. What is l.p.g.?—A. l.p.g. is liquid petroleum gas.

Mr. LANGLOIS: Thank you.

By Mr. Murphy (Lambton West):

Q. There are two or three points I have in mind to ask you about, Mr. Deacon. The first is in connection with the capacity of the line, and your markets that you foresee in order to make this venture a sound economic one. —A. Initially we hope to make this project properly economic, and to do so we shall need to work out with the present refiners of oil products in western Canada some contracts for the movement of their products from the west to the east, where there is at the present time a substantial amount of products moving, and to combine with the markets for propane and butane.

Butane is presently a waste product, a gas which boils at 32 degrees Fahrenheit, or becomes a gas at that temperature. In the west the temperature falls far below that, and it presents a market which we feel we would like to develop for propane, butane, and natural gas, and to meet the needs of the oil refiners in the movement of their refined products.

It is estimated that there will be 100 million gallons per annum in the first year of operation which will be 1957, but that is conditional on when the gas pipe line starts; and within five years we visualize around 250 million gallons per annum.

Q. What would be the cost for refining it?—A. I shall have to look at my figures for that, I am sorry. In 1957, $2,790,000 as compared to an expenditure of $2,407,000; and by 1961 $4,390,000 compared to an expenditure of $2,487,000.

Q. What did you say it would be for the first period?—A. 1957; $2,790,000, compared to an expenditure of $2,407,000.

Q. So your net profit would be $383,000 according to your estimate, or just about that?—A. Yes, sir. Approximately.

Q. You do not anticipate any difficulty in disposing of your stock?—A. We feel that in this pipe line venture, in order to work out contracts with refiners in western Canada, we shall have, probably, to share the ownership with them to some extent. We have not approached them in that connection to date, but we have worked on this with them and we have other reports which they have studied, and they have indicated their interest in the whole project and their support for it.

An example of this would be refineries which would be wanting to use this pipe line or which might be wanting to use it for the disposal of their by-products as well as for the removal of their refined products. McColl Frontenac has a refinery in Edmonton but their markets are limited of course to shipping those refined products to Regina, Winnipeg, and points east. The

indications are that if they can get a lower cost of loading that refined product all across the western provinces, they will probably participate in some contract they may form with us.

Q. You mean financially?—A. We do not know yet because we have not approached them.

Q. The area from which you are getting this gas is in the wet field is it not?—A. It is in the wet field, and the largest company in that field would be the company which is the largest one in the field of natural gas production, Gulf Oil, and there would be some production from Gulf Oil which we hope to get from them.

Q. The market you anticipate extends from where the line starts to Winnipeg?—A. That is our present market and from the look of our markets at the present time we do sell some of our products east of Winnipeg, and this would be a common carrier line.

Q. I was interested in what you said a minute ago, when you said that the southern part of Manitoba had been able to get propane from the American states at about what the freight rates would be from Edmonton to Winnipeg.—A. That is correct.

Q. I think I noticed something about this in the press, but will you please tell me this; do you anticipate shipping only those two forms of products, butane and propane?—A. We anticipate shipping the three l.p.g. principal products, and propane is the present product. You have seen those containers located about people's homes; and butane which is presently largely used in Canada only by the Polymer Corporation, and they are considering a greater use of butane in connection with the manufacture of gasolines by refineries, who use it as an anti-knock ingredient for the improvement of their gasoline.

An Hon. MEMBER: Similar to naphtha?

The WITNESS: I think it is in some degree. There is a very high octane content.

By Mr. Murphy (Lambton West):

Q. Following that up I think I saw something in the press about continuing a line through to Fort William and shipping it from there by boat. Is there anything to that?—A. At the present time that is not feasible. It is possible that in later years it will be feasible if there are better ways found of shipping propane at a lower cost.

Q. This butane you spoke about, is that used for farm purposes?—A. Butane is used by the Polymer Corporation...

Q. Do you anticipate a market for that plant in Sarnia?—A. We anticipate developing our market in Winnipeg. We think we can use it in winter peak periods if extra goes through our distributing system of the Central Gas Company.

Q. Have you had any demand or request from Ontario Chemical Industries for your product?—A. No sir, we have not approached them because of the difficulties which are intimated in this report on the shipment of butane gas at a cost low enough to attract them. At the present time it is obtained from other sources at a lower cost.

Q. Would it be feasible in your estimation for you to ship butane to Sarnia?—A. Not at the present time. If there should be an increase in the "through-put" of the pipeline and a new method of transporting butane we may be able to put it into the Ontario market but, as I say, at the present time the extension of the line to Fort William is not feasible.

Q. If you do enter the Ontario market which route would you take?—A. We would consider a route just from Winnipeg to Fort William and then we would trans-ship by boat.

Q. Have you made any economic survey of that project?—A. There has been a preliminary investigation done in this report but at the present time I would just like to quote you the figures set out on page six: the cost of propane in Alberta is estimated at four cents to the producers. The value at Fort William...

Q. The figure you have given is that at the producers separation plant?—A. That is right. We would have to enter Fort William at six cents in order to get it down to Sarnia at ten cents to compete with American butane or butane from the refineries in Ontario.

Q. You do not know whether that is a lower or higher price than charged by the United States.—A. At present the cost of butane in Sarnia is ten cents.

Q. Your line would not be feasible if you shipped your product to Fort William and then by boat to Sarnia?—A. No sir. Not at the present time.

The CHAIRMAN: Are there any other questions which members of the committee would like to ask?

By Mr. Harrison:

Q. As a Saskatchewan member I am conversant with your product and with its advantages in the west. I would like to ask you this: you expect, I suppose, to put bottling plants in the various towns along the line?—A. We have approved our distribution points. Quite a few of them in Saskatchewan are new ones. We have a new one at Melford which opened in December and our plants have been located in centres which our test market survey has indicated as likely to be most favourable. We would trans-ship from the pipe line to the distribution points by rail and tractor-trailer.

Q. How is that going to affect cost as compared with present rates?—A. We are hopeful it will make it possible considerably to reduce our costs because at the present time our retail rate for bulk deliveries is around 25 cents in the neighbourhood of Melford and we are endeavouring to get that down much closer to the Edmonton price which is around 15-17 cents.

Q. How much closer?—A. We do not know how much closer we can get it but it is particularly advantageous to points that are further away from Edmonton.

Q. You have a distribution at Lloydminster as well?—A. We have one at Lloydminster, North Battleford and a several points in the west.

Q. You envisage a price of something in the order of 17 cents at Lloydminster and North Battleford?—A. That is the present price around Lloydminster—17 cents.

Q. It would be progressively less at Lloydminster?—A. We would hope to lessen the differential that exists at the present time between the prices in eastern and western Saskatchewan—to even it out more and make it possible for us to sell this fuel at a price comparable to the heating oil.

Q. I may say it has quite a future if you can sell it around 17 cents.

By Mr. Hahn:

Q. Is it necessary for this liquid gas to be removed at the refinery before the natural gas is put into the Trans-Canada pipe line?—A. It is a little more advantageous to remove it right at the beginning because otherwise the gas pipe line would have to have stripping plans to take it out all along the route of the pipe line, and those points might not be placed within convenient distance of the best markets for the product. By taking it out at the beginning and putting it into our pipe line we could move it to where the markets are at low cost.

Q. What is the rail rate per gallon on the substance?—A. It varies. Between Edmonton and Winnipeg it is 5·5 cents per imperial gallon; between Edmonton and Brandon it is 5·3 cents; between Edmonton and York 5·8 cents; between Edmonton and Saskatoon, 4·1 cents.

Q. That is sufficient to answer my question. Can you tell us now what is the price at which your line would carry the gas, let us say, from Edmonton to Winnipeg, by comparison with the rates you have just quoted.—A. We have worked out an average price. It is worked out around four cents across the west.

Q. Would this be to Winnipeg?—A. Yes. We hope to have that put down. We hope to be able to decrease those rates.

Q. The difference in price, if you will make this available say in Winnipeg, would be sufficient to keep American gas or propane and so on from coming in there?—A. We feel we can almost entirely rely on the Alberta supply, which we want to do.

Q. By the building of this line how much freight do you expect to do our railways out of?—A. We hope we won't do them out of any freight because at the present time we just cannot afford to bring it in, in any quantity, all the way across Manitoba. We are not shipping nearly as much as we would ship if the American price was not lower for the area. We buy where we can lay it down cheaply and the laid-down price includes the cost at Edmonton plus the transportation cost, and there is a division line somewhere through Saskatchewan between the cost of laying down American propane and the cost of bringing in Edmonton propane.

Q. You rest assured you have a continuing supply of large enough quantity to supply this whole market?—A. It is estimated by the Alberta Conservation Board there will be a tremendous amount of this propane available. There is quite a problem finding an economic market for it. We feel that this will enable us to provide the refineries and the gas producers with a reasonable price for their waste product.

Q. Is this in any way dependent upon the building of the trans-Canada pipeline?—A. Yes.

Q. They are related?—A. Yes.

Q. If we do not get the trans-Canada bill there is no object in building this one?—A. That is right.

Mr. WEAVER: Mr. Chairman, are there likely to be many further questions. The gentlemen expected to leave for Montreal at 2:30. They would be willing to come back on another day.

The WITNESS: We can postpone the Montreal trip. It is better to wind this up if possible.

Mr. CARRICK: Can we finish it now.

Mr. GREEN: There are different questions to be asked.

The CHAIRMAN: We will resume at 3 o'clock this afternoon.

The CHAIRMAN: Gentlemen, we have a quorum. We are on Bill 151.

Mr. D. M. Deacon, Vice-President and Director of Canadian Hydrocarbons Limited, recalled.

By Mr. Hamilton (York West):

Q. I have a couple of questions to ask Mr. Deacon. Mr. Deacon, just before we closed, I think Mr. Hahn asked you a question about this line and the construction of this line being dependent on the construction of the trans-Canada pipeline. Is that right?—A. That is correct.

Q. In other words the supply of your material will be dependent upon the amount of gas taken from the wells and put in the other line?—A. That is right. There is not a sufficient supply of propane taken out of the wells in Alberta at the present time to justify the line.

Q. Where do you get the present supply of these three substances you referred to and which you are distributing in western Canada?—A. From refineries in western Canada as well as from a point in North Dakota and from other states.

Q. This material comes in in bottles?—A. In rail tank cars especially constructed for that purpose, pressure tank cars.

Q. How is it distributed? I assume in Alberta you are using the surplus there, but when you get into Saskatchewan and Manitoba does that mean you are importing from the South?—A. Yes. We are getting some supplies from the refineries in Moose Jaw and Regina and some Saskatchewan supplies are coming in from Alberta, but the remainder from the States.

Q. Can you give us any idea of the volume of the material that is coming in from the States, dollar value?—A. It would be in the neighbourhood of 3 million gallons a year, I would think, at the present time.

Q. What does that mean to the consumer?—A. To the consumer the average price would be around 23 cents, I would imagine.

Q. How much would it be to the purchasing company?—A. Around an average cost of 10 cents.

Q. Delivered at the border, is that it?—A. Laid down at our point of distribution.

Q. We are talking of roughly $300,000 we are spending in the States?—A. At the present time.

Q. Will that all be cut out by the use of this line?—A. We hope to cut that out. We anticipate a tremendous increase in the use of propane. Our marketing increased from 4 million in 1954 to around 11 million in 1955 in the companies to which we are distributing our products.

Q. With the use of the line it will make this a competitive product right as far as the easterly border of Manitoba?—A. That is what it appears we can do by means of this pipe line.

Q. There is going to be a basic saving of 300,000 American dollars in this program?—A. We would hope at least that much.

Q. When you speak about "we" you presently are in business in the distribution business?—A. We wholly own certain companies in the west; Canadian Propane, Manitoba Canadian Propane, Saskatchewan Propane, and we have a large interest in Canadian Propane Limited, headquarters in Edmonton—that is, Canadian Hydrocarbons.

Q. Canadian Hydrocarbons Limited owns these three subsidiary companies who take part in the distribution of these three gases?—A. Yes.

Q. Are they wholly owned subsidiaries of Canadian Hydrocarbons Pipeline Limited?—A. The first mentioned are wholly owned subsidiaries. The last one we own a majority of the stock in, Canadian Propane Limited of Edmonton. The rest of the stock is publicly held.

Q. What is the breakdown of the ownership of Canadian Hydrocarbons? —A. It is a company that was formed by Winnipeg and Central Gas Company for the purpose of developing markets for propane and in developing the uses for hydrocarbons in other fields. We felt that the public utility companies, like Winnipeg and Central Gas, should stick to the distribution of natural gas, and Canadian Hydrocarbons was formed and developed the whole scope of hydrocarbon surplus products in the west. It was formed by the sale of stock to the shareholders of Winnipeg and Central Gas.

Q. Canadian Hydrocarbons is not a subsidiary of Winnipeg and Central Gas Company? It might be an affiliate; the same group are shareholders?—A. Winnipeg and Central owns approximately 16 per cent of the stock of Hydrocarbons in its own right.

Q. Have you any idea how the balance of 84 per cent is made up?—It is widely held by the public.

Q. Was it distributed through the Canadian stock market?—A. Entirely in Canada. It was entirely distributed in Canada and there was no offering of stock in the United States.

Q. This, to all intents and purposes, has been a wholly-owned Canadian company?—A. As much as any stock stays in Canada. We feel we have full control of the situation in Canada.

Q. Are the executives of Winnipeg and Central also directors of Canadian Hydrocarbons?

Mr. BYRNE: Mr. Chairman, on a point of order, I thought it was understood a member, having established the fact that he had the floor, that he should be standing on his feet.

Mr. HAMILTON (*York West*): Before you were on the scene this was mentioned and the chairman gave me permission to remain seated.

By Mr. Hamilton (York West):

Q. Are the executives of this company directors or executives of the Canadian Hydrocarbons Limited to a great extent? Are they the same board? —A. Not quite, a great majority of the directors of Winnipeg and Central are directors of Hydrocarbons. The directors are largely the operating men responsible for the operations of the subsidiaries.

Q. Throughout the four or five organizations I see here you do have the sales outlet and sales machinery and everything else to get your product down to the consumers?—A. That is right. All under the same management in effect; under the same control, you might say, from Winnipeg and Central right down to the organization.

Mr. BYRNE: Mr. Chairman, has this company given any consideration to the development of a market in the North Dakota or Minnesota area in the United States?

The WITNESS: There are ample supplies available to those areas at the present time from stripping plants in the United States at a cost below that at which we can hope to supply them.

By Mr. Green:

Q. You mentioned this morning about relying on the construction of Trans-Canada Pipelines for this enterprise. Have you given any thought to using the same right away?—A. We haven't gone into the details. We feel we can only decide the definite route after we have done the detailed engineering. At the present time we have made this study, or we had the study made by what we feel are quite competent people, and it indicates that a line is justified and we felt at this point we should get our necessary permissions to go ahead and then we would definitely get the detailed engineering done and decide exactly on the route to be followed. Naturally we would hope we can take the route with the easiest rights-of-way.

Q. But you cannot do any actual work until you get an order from the Board of Transport Commissioners; is that right?—A. Yes.

Q. When you apply to the Board of Transport Commissioners you have to indicate to them exactly where your line is going to be?—A. At that point we will have to indicate the exact route on the map.

Q. You would have that done before you would go to them showing where you are going?—A. We would have to have completed our detailed work, or have it under way.

Q. What is the practice on the prairies regarding these pipe lines? Do you think there is any possibility of this pipe line and the Trans-Canada being put on the same right-of-way?—A. I could not answer that question. I understand that Trans-Canada has its own powers to obtain rights of way and I imagine that it would be a matter for us to negotiate with Trans-Canada; or if we worked with Inter-Provincial, to negotiate with them on our own. We would have to take the most logical route that appeared under the circumstances.

By Mr. Byrne:

Q. Regarding the markets in Minnesota you stated that your company has no markets there by virtue of the fact that American companies are supplying that particular area. Is there any reason why the American companies cannot then apply this product to the Winnipeg area at a reasonably competitive rate with your own?—A. Not without a pipe line. At the present time we are bringing in propane from this area to the lower section—about this sort of range—but that is where an economic barrier exists for the Alberta gas to come down, and there is a very low rate in bringing gas up from the states into Winnipeg; and the main line there, I mean the economic point between the Winnipeg supply and the American supply is somewhere on the border at the present time.

Q. You are presently supplying a small area too in lower Saskatchewan?—A. We are presently supplying that area through here with Williston United States propane gas. We have no sales south of the border. All of our operations are in Canada.

By Mr. Hahn:

Q. You have other interests in each province. Have you subsidiary ownership of any companies within each province at the present time?—A. We have incorporated separate companies to handle the operations in each province purely as a matter of convenience.

Q. Do you have a contract with the Alberta Conservation Board now to supply butane and propane as you propose through the pipe line?—A. No. We have approached the Alberta Conservation Board and they have themselves said—as well as other studies we have done on the waste l.p.g. situation that faces the industry in that particular field; and that is as far as we have gone at the present time.

Q. You have not an understanding with them so that on the receipt of a charter or permission.—A. We had no charter and we had no company to go to them with. We have begun our approach to them and we have no reason to fear an unfavourable reaction by them.

Q. If you should have the right given you by this parliament, do you feel that they would give you sufficient gas to operate?—A. The studies which their conservation board has made indicate that there is going to be a substantial surplus of propane and butane beyond anything they can use themselves in the province available for use elsewhere, and they are quite concerned at the present time with the amount of flaring that is going on in the course of just ordinary oil production now.

There has to be a substantial market made available to these oil and gas producers in order to justify an investment in the stripping out of what is presently a waste product, and we hope by means of this pipe line to provide these substantial markets with contracts which will enable these oil producers and gas producers to build these stripping plants.

Q. How many individual distributing firms are in competition in each of the provinces?—A. There is a tremendous number, but there are probably only three or four substantial ones. However, there is a great number of independent ones, and our fear about the industry in the past has been that because of the great number of independents there were no standards of safety, no standards of service provided, and that the public did not have confidence in this form of fuel.

What we want to do is to create a uniform operation across the provinces that people will feel is a substantial one and can look upon it for their supplies. You may have noticed last fall when a shortage of propane existed in western Canada, that in Alberta there were two companies which still had supplies, and ours was one of them.

Q. Is it your intention to bring these other companies in, or permit them to become shareholders within your firm?—A. Anybody can buy stock in our company.

Q. I realize that. You can do that through a brokerage firm of course; but is it your intention to take in some of these companies which have quite an investment? If you start to come in with a guaranteed supply, they will automatically find that it assists their business and that it will provide investors?—A. We have been supplying them in Alberta when they ran out of supplies. They could come to us and take our supplies, and we helped them so that they could fill their orders.

Q. You will still let them keep their charters?—A. Naturally!

Q. Or become your distributors, in other words?—A. They will be able to buy from the general pipe line at the same price as we could, as a common carrier, make the product available to any one.

Q. That is my point. It is a common carrier and they can become companies if they so desire for the distribution of that product in any municipal district if they have a charter?—A. Yes.

The CHAIRMAN: Carried.

By Mr. Holowach:

Q. Am I right in my understanding, Mr. Deacon, that you are asking for the incorporation of this company so that you might make a formal application to the government of the province of Alberta for an export permit. Is that correct?—A. That is one of the steps we have to take. I am not sure of all the steps we have to take but one of our next steps is to go into a further study once we have our charter, and we will work, likely, more closely with the oil producers and the gas producers in order to study the detailed engineering behind this, and we will work very closely with the Alberta Conservation Board as to the permits we need.

Q. This enterprise is contingent upon your receiving an export licence from the provincial government of Alberta?—A. That is correct.

Q. When you receive that licence, when do you anticipate that this line will come into operation?—A. Just as quickly as Trans-Canada starts.

The CHAIRMAN: Are there any further questions? Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

What about clause 3?

The capital stock of the Company shall consist of one million shares without nominal or par value.

Mr. HOSKING: Mr. Chairman, I have a motion seconded by Mr. Byrne which reads as follows: "That, for the purpose of levying the charges specified in Standing Order 94(3), the Committee recommend to the House that the proposed capital stock, consisting of one million shares without nominal or par value, be deemed to be twenty-five million dollars ($25,000,000)."

The CHAIRMAN: Is the motion agreed to? Does clause 3 carry?

Carried.

Clause 4.

(1) The head office of the Company shall be in the city of Calgary, in the province of Alberta, which head office shall be the domicile of the Company in Canada; and the Company may establish such other offices and agencies elsewhere within or without Canada as it deems expedient.

(2) The Company may, by by-law, change the place where the Head Office of the Company is to be situate.

(3) No by-law for the said purpose shall be valid or acted upon until it is sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders duly called for considering the by-law and a copy of the by-law certified under the seal of the Company has been filed with the Secretary of State and published in the *Canada Gazette.*

By Mr. Hahn:

Q. I would like to have an explanation with respect to Clause 4, subclause (2) which states "that the company may, by by-law, change the place where the head office of the Company is to be situated".

This has an important bearing on the fiscal relations with us, with respect to the inter-provincial and federal tax relations, and I was just wondering about the reason for this particular desire to change?—A. At the time this was considered our head office was at Edmonton which is the centre of a lot of industry in Alberta. On the other hand Calgary is the centre of a lot of head offices as far as oil companies are concerned; and Winnipeg was the head office of our own company. We felt under the circumstances that at the present time the head office should be located in Calgary, but we do have these other two cities in mind. It might be that the operations would justify a switch in the location of the head office at a later date.

Q. Well, what reasons do you have for choosing Calgary?—A. The people with whom we are going to participate the actual oil producers and gas producers, are located there as well as the staffs with whom we will be dealing. They are located in Calgary right now.

Q. That brings me to the other question I have been considering. With that thought in mind you change, let us say, to Manitoba. Your biggest taxes—corporate tax particularly being an important part of the fiscal-federal question which is being widely discussed at the present time—it might mean a change of revenue from one province to another and there might be considerable animosity with regard to the fact that you are getting your product from one province and paying your money to the benefit of another. No doubt some of my hon. friends have their own views on this matter but I am thinking specifically of the fact that you are depleting resources in the way of natural gas—perhaps I had better say liquid gas in this instance—and that those

resources come from a particular province. Some feel, therefore, that the head office should be situated in that province and that they should get the revenue which is produced in taxation from that source.—A. Our feeling on that point is that unless the other two provinces had a market for that specific resource it might just burn in the air and therefore they have a right, too.

Mr. McCULLOCH (*Pictou*): I think we should have an explanation of what is involved in the motion with respect to clause 3 and perhaps hear some comment in respect of that.

An hon. MEMBER: It is passed.

Clause 4 agreed to.

Clause 5 agreed to.

Mr. BYRNE: On clause 6, Mr. Chairman, the evidence before the committee has shown that there is no intention on the part of this company to export their product into the United States or outside Canada. I am wondering if this section provided in sub paragraph (*a*) to the effect that the main pipe line or pipe lines would be located in Canada is really relevant. Does it not rather clutter up the bill? I would like to ask whether it is necessary for the operation of this act.

The WITNESS: I am sorry sir but I did not quite understand that question. I take it you are wondering why we are cluttering up our act with that provision about being able to go outside Canada. . . .

Mr. BYRNE: I am wondering if there is any necessity for this provision that the main pipe line should be located within Canada, since the very nature of your product and the explanations you have given to the committee show that it must be.

Mr. COLEMAN: That is done to conform with the language used in pipe line bills. It is the same wording as was inserted in eight pipe line bills which were reported by this committee during the last session of parliament.

Clause 6 agreed to.

Clause 7 agreed to.

The CHAIRMAN: I understand with regard to the point raised by Mr. Byrne that the same wording has been used here as is used in all the pipe line bills.

Clauses 8 to 10 inclusive agreed to.

The CHAIRMAN: Shall the title carry?

Agreed.

The CHAIRMAN: Shall I report the bill?

Agreed.

The CHAIRMAN: This committee is adjourned to the call of the chair.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL 248

An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.—*The Minister of Transport.*

MONDAY, MAY 7, 1956

WITNESS:

Mr. S. W. Fairweather, Vice-President, Research and Development, Canadian National Railway Company, Montreal.

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

71669—1

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

and Messrs.

Barnett
Batten
Bennett (Miss) (*Halton*)
Bonnier
Boucher (*Chauteauguay-Huntingdon-Laprairie*)
Buchanan
Byrne
Campbell
Carrick
Carter
Cauchon
Cavers (*Vice-Chairman*)
Clark
Decore
Deschatelets
Dufresne
Dupuis
Ellis
Follwell
Gagnon
Garland
Goode
Gourd (*Chapleau*)
Green
Habel
Hahn
Hamilton (*York-West*)
Harrison
Healy
Herridge
Hodgson
Holowach
Hosking
Howe (*Wellington-Huron*)
James
Johnston (*Bow River*)
Kickham
Lafontaine
Langlois (*Gaspe*)
Lavigne
Leboe
Maltais
McBain
McIvor
Meunier
Murphy (*Lambton West*)
Murphy (*Westmorland*)
Nesbitt
Nicholson
Nickle
Nixon
Nowlan
Purdy
Ross
Small
Viau
Villeneuve
Vincent
Weselak

A. Small
Clerk of the Committee.

REPORT TO HOUSE

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

FIFTH REPORT

Your Committee has considered the following bill and has agreed to report it without amendment:

Bill 248, An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

A copy of the Minutes of Proceedings and Evidence relating to the said bill is appended hereto.

Respectfully submitted,

H. B. McCULLOCH,
Chairman.

71669—1½

ORDERS OF REFERENCE

WEDNESDAY, May 2, 1956.

Ordered,—That the following Bill be referred to the said Committee:

Bill No. 248, An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

THURSDAY, May 3, 1956.

Ordered,—That the name of Mr. Nicholson be substituted for that of Mr. McCullough (*Moose Mountain*) on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

BILL 248

EXPLANATORY NOTE

The purpose of this bill is to authorize the construction by Canadian National Railways Company of a railway line from Bartibog to Tomogonops River in New Brunswick. The Bill is in the standard form.

THE HOUSE OF COMMONS OF CANADA

An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Construction and completion.

1. The Governor in Council may provide for the construction and completion by Canadian National Railway Company (in this Act called "the Company") prior to the 1st day of November, 1958, or such later date as the Governor in Council may fix, of the line of railway (in this Act called the "railway line") described in the Schedule.

Competive bids or tenders.

2. The Company shall adopt the principle of competitive bids or tenders in respect of the construction of the railway line in so far as the Company decides not to perform such work or any part thereof with its own forces, but the Company is not bound to accept the lowest or any bid or tender made or obtained nor precluded from negotiating for better prices or terms.

Maximum expenditure.

3. Estimates of the mileage of the railway line, the amount to be expended on the construction thereof and the average expenditure per mile are set out in the Schedule, and, except with the approval of the Governor in Council, the Company shall not in performing the work of construction and completion exceed such estimates by more than fifteen per cent.

Issue of securities.

4. Subject to the provisions of this Act and the approval of the Governor in Council, the Company may, in respect of the cost of the construction and completion of the railway line, or to provide amounts required for the repayment of loans made under section 5, issue notes, obligations, bonds, debentures or other securities (in this Act called "securities"), not exceeding in the aggregate, exclusive of any securities issued to secure loans made under section 5, the sum of three million two hundred and twenty thousand dollars, bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may approve.

Temporary loans.

5. To enable the work of construction and completion of the railway line to proceed forthwith, the Minister of Finance, upon application made to him by the Company and approved by the Minister of Transport, may, with the approval of the Governor in Council, make temporary loans to the Company out of the Consolidated Revenue Fund, not exceeding three million two hundred and twenty

thousand dollars, repayable on such terms and at such rates of interest as the Governor in Council may determine and secured by securities that the Company is authorized to issue under section 4.

Guarantees.

6. (1) The Governor in Council may authorize the guarantee by Her Majesty in right of Canada of the principal and interest of the securities that the Company may issue under the provisions of this Act.

Form and terms.

(2) The guarantee may be in such form and subject to such terms and conditions as the Governor in Council may determine to be appropriate and applicable thereto and may be signed on behalf of Her Majesty by the Minister of Finance or such other person as the Governor in Council may designate, and such signature is conclusive evidence for all purposes of the validity of the guarantee and that the provisions of this Act have been complied with.

Guarantee may be general or separate.

(3) Any guarantee under this Act may be either a general guarantee covering the total amount of the issue or a separate guarantee endorsed on each obligation.

Temporary guarantees.

(4) With the approval of the Governor in Council, temporary guarantees may be made to be subsequently replaced by permanent guarantees.

Deposit of proceeds of sale, etc., of securities.

7. (1) The proceeds of any sale, pledge, or other disposition of any guaranteed securities shall in the first instance be paid into the Consolidated Revenue Fund or shall be deposited to the credit of the Minister of Finance in trust for the Company, in one or more banks designated by him.

Release of deposits.

(2) The Board of Directors of the Company may authorize application to be made to the Minister of Transport for the release of any part of the proceeds deposited pursuant to subsection (1) to the Company for the purpose of meeting expenditures in respect of the construction of the railway line, and the Minister of Transport may approve the applications, and upon request of the Minister of Transport the Minister of Finance may pay the amount or amounts of such applications or part thereof accordingly.

Report to Parliament.

8. The Minister of Transport shall present to Parliament during the first ten days of each session held prior to the date of completion fixed by or under section 1, a statement showing in detail the nature and extent of the work done under the authority of this Act during the previous calendar year, and the expenditure thereon, and the estimated expenditure for the current calendar year, together with the amount of any advances made under section 5 and the amount of such advances reimbursed, and such further information as the Minister of Transport may direct.

SCHEDULE

Location	Estimates		
	Mileage	Cost of Construction	Average cost per mile
From a point at or near Bartibog in the Province of New Brunswick in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes	22	$2,800,000.	$127,270.

MINUTES OF PROCEEDINGS

MONDAY, May 7, 1956.
(4)

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11 o'clock. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Campbell, Carter, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Healy, Herridge, Johnston (*Bow River*), Langlois (*Gaspé*), McBain, McCulloch (*Pictou*), McIvor, Nicholson, Nowlan, Purdy, Viau and Weselak. (20)

In attendance: Honourable George C. Marler, Minister of Transport; Mr. S. W. Fairweather, Vice President (Research and Development); Mr. Lionel Côte, Assistant General Solicitor; Mr. G. H. Hoganson, Engineer, Canadian National Railways, Montreal, and Mr. K. M. Ralston, Mining Engineer, Montreal.

The Committee had for consideration Bill No. 248, An Act respecting the Construction of a line of railway in the Province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes.

On motion of Mr. McIvor, seconded by Mr. Purdy,

Resolved,—That the Committee print 650 copies in English and 200 copies in French of the Minutes of Proceedings and Evidence in relation to Bill No. 248.

Mr. S. W. Fairweather was called and examined.

In the course of his examination, the witness pointed to a map showing the district where the proposed branch line is to be built.

The Committee then considered Bill No. 248, clause by clause. Clauses 1 to 8 inclusive, were adopted.

The schedule was adopted.

The title was adopted.

Ordered,—That the Chairman report the Bill to the House without amendment.

Before adjournment the Minister of Transport called upon Mr. Fairweather to introduce the officials who accompanied him to Ottawa.

The Chairman expressed to Mr. Fairweather and the above-mentioned officials the appreciation of the Committee.

The Committee adjourned to the call of the Chair.

Antonio Plouffe,
Clerk of the Committee.

EVIDENCE

MONDAY, May 7, 1956.

The CHAIRMAN: Order, gentlemen, we have a quorum. Today we have to consider Bill 248—An Act respecting the construction of a line of railway in the province of New Brunswick by Canadian National Railway Company.

It is customary, in the case of a government bill of this kind, to have the committee print. Will someone make a motion?

Mr. MCIVOR: Mr. Chairman, I move, seconded by Mr. Purdy, that the committee print 650 copies in English and 200 in French of the Minutes of Proceedings and Evidence in relation to Bill No. 248 now before the committee.

Motion agreed to.

The CHAIRMAN: I would like to ask the hon. Minister of Transport to introduce the witness.

Hon. Mr. MARLER: Mr. Chairman, Mr. Fairweather, vice president (research and development) of the C.N.R. is present and I think it would be a good idea if we were to proceed by asking him now to outline this project and give us an indication of how it has developed. Then, perhaps, he could touch briefly on the technical aspects of the matter, after which if members of the committee have any questions in connection with the project I am sure he will be able to answer them and give any information which had not been covered in his explanation.

S. W. Fairweather, Vice President, Research and Development, Canadian National Railways, called:

The WITNESS: Mr. Chairman, the Branch Line Bill which is before you is to enable the C.N.R. to serve the operation of the mining field being developed in the province of New Brunswick. The particular mine which the line is designed to serve at this time is known as the Heath Steele Mine. The area in New Brunswick in which the Heath Steele mine is located has developed into one of the major mineral belts of Canada. It is a zinc-lead-copper area with some values in silver and gold. The particular mine with which we are concerned—the Health Steele mine—is a subsidiary of the American Metals Company and, I believe, of the International Nickel Company.

Early in its development when it was a raw prospect we became interested in it as a potential source of traffic and we entered into early negotiations with Heath Steele mines, looking to the possibility of providing them with rail services. This was an interesting case because here we were dealing with a problem that might have been solved by highway transport and we had actually to canvass this mining company and convince them that they would be better off if they were served by a railway than if they depended solely upon highway transport. We did a pretty fair job, and not only did we convince them that they would be better off with the railway but we also convinced them that they could afford to give us a traffic guarantee of substantial volume sufficient to lift this branch line from a speculative position to a straight business proposition.

The railway will bring the concentrates from the Heath Steele mines, in the vicinity of the Tomogonops river, out 22 miles to the main line at Bartibog

and thence from the main line to the point of shipment, by water for part of the concentrates and by rail for some other types of concentrate. We estimate that the line will cost not more than $2,800,000.

Altogether this is one of the happiest branch line developments I have had anything to do with; not only is it on a sound business basis in its present stage but it is also strategically located to serve other mines which may develop in the area south of the Nipisiguit river. These other properties are not as yet in a stage which would warrant our seeking authority to construct additional mileage, but I have reasonable confidence that more than one mine will be served by this branch line. I might add that the mining company co-operated fully with us; they gave us a full disclosure of their plans for development; we co-ordinated our timing of the construction of the branch line with their development of the mine and we assured ourselves that there were sufficient ore reserves in the property that under normal business conditions, if no other mines should be discovered and if this mine should be exhausted within the limits of the present known reserves, we would still recover the capital cost of the branch line.

I might add for general information—I do not think I am disclosing any business secrets—that the Heath Steele mines plans to spend about $12 million to bring this property into production, which will give you some idea of the scale of its activities. Taking it all in all I heartily commend this branch line to you.

The CHAIRMAN: Are there any questions which any member of the committee would like to ask Mr. Fairweather?

By Mr. Johnston (Bow River):

Q. Mr. Fairweather has indicated that it will cost about $2,800,000 to build this railway. That would be government expenditure, would it not? They would be putting up the money?—A. The railway will be built at the expense of the Canadian National; we will find our money; the government will, so to speak, be our banker but the cost of this line will appear in the balance sheet of the C.N.R. The money spent on the construction will be interest bearing and the full charge will appear in the C.N.R. report.

Q. You mentioned a very interesting point about a traffic guarantee. Could you explain that a little more fully? What do you mean by saying you received a traffic guarantee?—A. We have found that where we are building a single-purpose branch line—where the branch line is essentially for the benefit of a single industry—it is desirable to insist upon getting some guarantee of performance on the part of the industry before we go to the expense of building the branch line. In this case we shall be risking $2,800,000 and we think it is only reasonable that the industry which is being served by this private line should give us a guarantee that the traffic which they hold out as an inducement for us to build the branch line will in fact come into being. Therefore we make a practice of requiring that such industries should disclose to us their full plans, the nature of their natural resources, where they expect to find their markets and some appraisal of the economic soundness of the ventures.

Q. How long do you anticipate will elapse before you get your capital back? —A. On the present level of traffic on this line we would have amortized our capital in a little less than 10 years.

Q. That represents a pretty fair risk, does it not?—A. I think it is an excellent risk considering what we have discovered about the property. These people have ore reserves at the present time which are good for about 15 years at the present rate of mining, so the element of risk, just on the basis of these operations, is not very great.

In addition to that we have, as I said, secured from them an actual traffic guarantee so that if they should fall down on the anticipated volume of traffic—that is substantially—they would have to pay us a penalty.

Q. Are there any highways in that area?—A. Oh yes. This company, cooperating with the province, built a highway from Newcastle into the property.

Q. What kind of highway is it?—A. A gravel highway.

Q. Why were you concerned about having them build a railway rather than improve the highway?—A. Because we were out to do two things: first, we wanted to make some money—we wanted to engage in a profitable enterprise; then, as a development officer I had a wider interest. This is one of the major mining areas in eastern Canada and the marginal value of this territory will be determined to a considerable extent by the cost of transportation. As a transportation man I know that once you establish a high enough volume of business to absorb the overhead to the railway the railway can furnish transportation needed for that area at only a fraction of the cost of furnishing the same services by highway. That means that if you provide a railway instead of the highway it will add value to this vast mineral development, so that in the long-term pull we would be doing something by rail which could not be done by highway.

Q. Would you consider that if there were a properly built highway there it would interfere greatly with the type of haulage on which you make your money by rail?—A. We hope we make money on all the traffic we handle by rail, but if you mean whether a highway would "bleed off" certain of the high value traffic and leave us with the low value traffic, we took care to see that even, if that did occur, we would be on the right side of the ledger. Actually, I would think that the amount of high value traffic moving in to this area would be largely immune from highway transportation because it would be long-haul mining supplies—explosives, reagents, steel and things of that character. But we ask no favours; we are content to live in the competitive framework as it exists; we look at this proposition in the light of the present competitive framework; we have not, in other words taken any "wooden money" in considering this venture.

Q. You have a virtual monopoly on the freight hauled and on the passenger service as well?—A. There will be no passenger service involved in this. We made it quite plain to the company that the highway was a more efficient tool for transporting passengers than the railway; in consequence, we have no position with regard to that.

Moreover you are in error. There is no monopoly. They do not have to ship one pound of freight over this railway—the only thing is that if they do not ship a certain volume of the production of the mine over the railway they would be obliged to pay us a penalty.

Q. That is practically an agreed charge, is it not?—A. No, it is not an agreed charge. You could not possibly call this an agreed charge.

Q. What chance would the New Brunswick government have, economically speaking, of putting in a good hard surface highway if you have a guarantee on the traffic?—A. Well, all I can say to you sir, is this; the traffic which we propose to move by rail is traffic which should not be on the highway; for example, the reason is that the cost of moving it on the highway could not be less than 9 cents per ton mile, while the cost of moving it by railway would certainly not exceed 2 cents per ton mile. So just the ordinary laws of economics will put an end to it, once you have decided that there is enough capital resources there to justify the construction of the railway.

Q. You think you have a need for that line in your plan, and that it would be more economical to ship over the railway?—A. Yes, and for the reason I have stated. Whenever you build a branch line for a single purpose industry you are dealing with a somewhat different situation than when you are dealing

with a branch line for general development purposes. I think it is a perfectly sound principle that we should look at the construction of the railway, and the development of the industry as a sort of partnership; each one is putting in risk capital.

If the industry, let us say, takes all the risk, it also takes all the profits. If the railway goes in without a guarantee, then the railway takes all the risks and very little of the profits. I have found that no substantial industry has ever objected to this type of guarantee that we have had. We have used it in other cases; this is not unique. We used it in the Chibougamau branch line; we used it in the Barute branch line; we used it in the Kitimat branch line; and we used it in connection with the branch line up to Lynn Lake. It is quite in accordance with our policy.

Q. How are they getting their other types of supplies in there now?—A. The mine is under development, and they are located at the mine. If you went there today you would see that they are busily engaged at the mine in sinking shafts and erecting buildings for the mill which will grind the ore. Their supplies at the present time are moving by rail to Newcastle. Then they are taken out of the railway cars at Newcastle and are hauled from Newcastle by highway. That is the only means of access which they have at the moment.

Q. So you think, in respect to the economics of the operation that in the long run it would not affect or hurt the railways, that they should have both a railway and a highway?—A. They will have both.

Q. But you have made them guarantee traffic for the railway?—A. They guaranteed that traffic as relating to out-bound products of the mine. There is no monopoly whatever on transportation. Everybody is free to ship in the goods he pleases, in or out of the property. We do not ask for a monopoly. All we asked for was a reasonable guarantee for the prime purpose of the branch line, and that was the transport of concentrates from the mine out to points of shipment by water, and by all rail to other points.

By Mr. Campbell:

Q. There would not be, other than pulp wood, any products from the agricultural end of it, would there?—A. No. There will in our estimation be a certain amount of pulp wood. We canvassed the people at the timber limits in this area, and we got a mixed reception. Some of them said that they were not interested; others said: "well, we may ship."

It is our opinion that there will be a certain amount of pulp and lumber cut along the line of the railway.

By Mr. Nicholson:

Q. Is there a call for pulpwood?—A. There is a mill at Bathurst and also one at Dalhousie.

By Mr. Nowlan:

Q. You say that part of this traffic will be shipped by water and part by rail. Could you give the committee any idea of how much would be going by rail ultimately, and what it would do to the main line of the Canadian National Railways in so far as there might be traffic overlapping?—A. It is a little problematical. If we take the worst position so far as the railway is concerned we would get the whole of the traffic of out-bound concentrates of 120,000 tons a year at the present rate, which would move to sea port. Newcastle is one of the ports to which it might move. That would be the worst position; and in that event we would have to haul it about 22 miles on the branch line, and 30 miles into Newcastle, and then we would be through with it. That is not the most probable traffic, because Newcastle is a port which

is closed during at least five months of the year, and during those five months the mine, rather than stock pile concentrates, would probably want to move them out for Saint John or Halifax, or part one way and part the other. Moreover, there is one type of concentrate, copper concentrate, which industry will probably move all rail via the Vanceboro gateway, or it might move them via the Niagara gateway. So there is at the worst a substantial amount of business which the main line will get.

By Mr. Johnston (Bow River):

Q. Where is the nearest port for water transportation located?—A. I mentioned Newcastle, which is located on the Miramichi river. That is one port which is being considered, but there are others which may be concerned. I do know that there is a port at Bathurst, a port at Dalhousie, and we have Halifax and St. John. I think these various locations will have to fight it out to find out what is best for the industry. But so far as we are concerned, we are in a position to serve any of them.

By Mr. Nowlan:

Q. You say that Bathurst and Dalhousie would be ice-bound for five or six months of the year?—A. That is right.

Mr. GREEN: What about Halifax?

Mr. NOWLAN: Halifax is always free of ice.

By Mr. Nicholson:

Q. How does the construction cost per mile compare with the cost per mile of the Lynn Lake line?—A. This line should be cheaper to build than the Lynn Lake, provided you take into account the matter of inflation; this would be a much cheaper line.

By Mr. Green:

Q. But the estimate is more expensive?—A. Yes, but you have forgotten the outcome of inflation.

By Mr. Hahn:

Q. What is the ultimate destination of the ore?—A. As ore, the ultimate destination is the mine. When it is mined it immediatley goes to a mill, and then it is reduced to concentrates. So far as we are concerned I have described where the concentrates are likely to flow. Beyond that I do not know. It is up to the mining company to run its own business. They will sell those concentrates, I presume, to the best advantage wherever they can.

Q. You said that the cost per mile by rail would be about 2 cents. Is that what you are going to charge the mine as a rate?—A. You mean the actual rate we propose to charge the mine? I have forgotten at the moment what it would be.

Q. Is it the same rate as the one from Knob for ten miles?—A. No, no.

Hon. Mr. MARLER: I suppose you mean Knob Lake?

By Mr. Hahn:

Q. Yes.—A. No. The rate is fixed by our traffic department and as such they take into account all the elements of rate making. I can give you this figure that we are going to get—or we anticipate getting. For the total mix of concentrates we are going to get something better than $3 a on.

Q. The rate to Newcastle, a haul of 52 miles in length, would be $1.50 per ton?—A. Please do not misunderstand me. When I spoke of 2 cents to 10 cents, those were not railway and highway rates. I was talking of

railways and highway costs which are quite a difference matter. You see, I was speaking as development officer, and as development officer I am primarily thinking in terms of the costs of development. I was thinking in terms of the real cost of transportation, and it is not necessarily the rate.

For instance, with a highway, the province might build a road and somebody would truck over that road and they might truck for 5 cents a ton mile; but the province would find that it had a maintenance problem on that highway amounting to 3 cents a ton mile. I was taking into account the total cost of transportation, no matter whether it appeared in the freight rates, or whether it appeared in the licence fees or whether it appeared in trucks. I was looking at the overall picture. Please do not regard the 2 cents a ton mile as the actual rate.

By Mr. Johnston (Bow River):

Q. So the price you quoted is a speculative figure?—A. It is an estimate prepared by a professional man. That is what it is.

By Mr. Hahn:

Q. Could you give us the mileage by road from Heath Steele to Newcastle?—A. It is about 38 miles, as I recall it.

Q. Was Heath Steele mines the only mine contributing to that road which was built earlier.—A. Oh yes, Heath Steele mines to some extent, I understand, contributed to the cost of that highway.

Q. Do they operate their own trucking line at the present time?—A. No, they hire truckers.

Q. You say they hire trucks. You do not know how many truckers are in operation there at the present time?—A. No, I do not.

Q. We would not be able to estimate how many truckers were going to be put out of business?—A. No, I could not say as to that.

By Mr. Green:

Q. I understood you to say that Heath Steele mines was getting established and that you expected that there would be quite a large number of mines in that area? Is that correct?—A. Yes. I am distinctly optimistic about this area. I would say that we have in this area one of the major mineral deposits in Canada. I think that is emerging. It is a zinc-lead-copper area, and the favourable area, so far as now known for prospecting would extend all the way from—let us say—a point 20 miles to the north of Newcastle up to, let us say, the vicinity of Campbellton, and half way over to the St. John river. It is an enormously large area, and we now know that, in addition, Heath Steele mines have proved an area of ore deposits of 7,200,000 tons of ore.

A few miles away you have the New Brunswick Mining and Smelting Corporation, and they have 50 million tons of ore that have been demonstrated; and in the same general area, you have the Kennco mines with their prospecting, and the Texas Gulf Sulphur in prospecting, and the New Larder "U" Island mines, and while we have not shown them, there are other substantial mining companies which are prospecting in the area and they are, according to my information, getting indications. Therefore I think you can say that this area is one of the prosperous spots on the mining horizon.

Q. You say that the whole area of mineral formation is lead-zinc-copper?—A. So far as is known it is zinc-lead-copper, with some gold and silver.

Q. Would this branch line be in a position to serve all that area?—A. Not all of it. I said that it was strategically located to serve properties which may develop south of the Nipisiguit river, which cuts a huge trench through this

area. North of the Nipisiguit river the New Brunswick Mining and Smelting Corporation have prospects which may develop, and which could more rationally be served by another branch line on the north of the Nipisiguit river.

Q. Are there any negotiations under way leading to the construction of such a second branch line?—A. Yes, but they are in the preliminary stage.

Q. Looking at the map one would judge that the Canadian National Railways is in a very good position because you appear to have a line all the way around this mineralized belt.—A. That is true. Our main passenger line goes up through Newcastle, Bathurst, Campbellton, and Matapedia.

Our main freight line runs from Moncton through Chipman, Plaster Rock and Edmundston. We have a branch line from Campbellton over to St. Leonard, which surrounds the area, and we also have a branch line from Newcastle over to Fredricton.

Q. You seem to be in a very good position with regard to this mineralized belt?—A. Yes, and it is because of this fact that the Canadian National Railways is so very keenly aware of its responsibility to furnish transportation.

Q. We hear a great deal about a smelter to be erected, and of course it that were done there would be greatly increased freight traffic I presume. Has your company given any consideration to that possibility?—A. Oh yes, we have given a great deal of consideration to the location of a smelter. It may be recalled that when I was giving evidence on the Chibougamau line I pointed to the strategic importance of the Saguenay river, and there is now under development a smelter in that area.

This New Brunswick area is creating quite a problem because the ore is a highly complex ore. The metallurgy is very difficult. But at some stage I am hopeful that a smelter will be located and a refinery will be located, and that is probably as good a place of assured supply as any that I know of.

From a development point of view we are keenly interested in getting a customs nickel smelter located somewhere in eastern Canada and we feel that from the development standpoint that it is a logical development. We have had talks with many industrialists and they have all agreed that at some stage we should have a zinc refinery—a small refinery—in eastern Canada. It is already the hope of the chemical industry, and it is purely a matter of timing; but one of the things that has to be considered is an assured supply of zinc concentrates.

Q. You have that in this area?—A. In this area there is such an enormous amount of zinc that anybody controlling the mining here would know very definitely that for a period of a hundred years at least he would have no question at all as to the supply of zinc concentrates.

Q. How would the possibility of continuing production there compare with the production of the Sullivan mine in East Kootenay, which is the basis for the big smelter at Trail?—A. I am not too familiar with the details of Consolidated Mining & Smelting at Trail, but I would say that this area has turned out in such a short period as has elapsed from the time of the first discovery—it has turned up something in the order of 60 million tons of ore, which moves this area right up into the top notch areas of the world. It is spectacular from that point of view; but I would like to say again that the ore is very complex.

Q. And so was the Sullivan mine ore.—A. That is true. There was a time prior to 1920 when the Sullivan mine was just struggling. But they corrected their metallurgy and then it turned into a great industry. Here you have ore which is also complex but I would say that I have enough faith in technology to feel that these great natural resources will develop into a large industry.

Q. How would a smelter and a refinery derive their power? Would it be from electricity, or from coal, or what? What would be the fuel used?—A. A smelter of course is a thermal process and it would be based largely, on present

knowledge, either on coal or on petroleum, one or the other, as a source of energy. With a refinery, so far as zinc is concerned, you have your choice; you could either use a thermal reduction process, if you want to get high quality zinc, followed by redistillation, or you could use electric reduction, and in the latter case of course you would have to have a cheap source of power. Speaking as a Maritimer, I would be delighted if I could see a cheaper source of power developed in the maritimes than now exists.

Q. Would the development of the Saint John river mean power which was cheap enough for that purpose?—A. It would help, but I do not think it would be the determining factor because there is such a big market for power. The person generating power always has to make up his mind what market he is going to sell it to. If he has a high priced market, he would prefer to sell his power to that market rather than to a low priced market; and the market in the maritimes is such that it could absorb a very considerable amount of high cost power. On the other hand he might take some broad point of view and say: "No, I am not going to sell that power directly; I shall feed it into industry at a low price because I feel from a national point of view it would be a better show." Actually, I do not know the answer.

Q. Have you given any thought to the use of atomic energy?—A. I have.

Hon. Mr. MARLER: We are not going to use it on the railways.

By Mr. Green:

Q. No, I meant in mining.—A. I have considered it, because cheap power for the maritimes is something in which I am keenly interested. I have looked at the prospect of atomic energy, and at the present time I think you can grind out power cheaper with petroleum. But we might branch out into something else as time goes along, I suppose.

By Mr. Purdy:

Q. What type of motive power will you be using on this line?—A. Diesel.

Q. You spoke of rates. Are those rates fixed for any period?—A. The rates on the out-bound concentrates will be fixed for the period of the guarantee.

Q. For ten years?—A. No. The guarantee is for six years.

Q. And after that the rates would be subject to revision, if you find your operating costs going up?—A. Yes.

Q. And after six years, if your operating costs go up, your margin of profit goes down.—A. It is a business deal. We sat around the table, and they said: "we will give you guaranteed traffic if you will make the rates applicable to the period of the guarantee"; and we said: "O.K."

Q. You suggested that they had proven ore of sufficient quantity to write-off this mine before it was mined out?

Hon. Mr. MARLER: Ten years, I think he said.

By Mr. Purdy:

Q. Yes. Supposing—and this is a peculiar question—supposing that they had not been able to show that they have that quantity of ore to develop, and with all these other prospects around, what would have been your reaction to the general proposal?—A. We would have reacted this way: we would have said "Get busy and do some more diamond drilling!"

Q. You would not feel justified in recommending a branch line if you could not say it would pay itself off?—A. Well, I can say this: I have never supported a branch line before a committee of parliament where I was not personally convinced that that branch line would be self-liquidating within a period of time.

Q. You said that International Nickel were the people back of this venture? —A. Well, they are interested. It is my understanding that the International

Nickel Company had the equipment for air-borne magnetometer services, and they made a survey of this area from the air and they discovered certain anomalies. They then interested American Metals in the show, and between the two of them they control the result.

Q. American Metals and International Nickel?—A. Yes.

Q. It follows, as far as International Nickel is concerned, that they are taking certain of the profits from their operations in Canada for making further developments in Canada rather than to pay them to their shareholders?—A. I think you had better ask the International Nickel Company that question.

Mr. HAMILTON (*York West*): That is a political question!

By Mr. Johnston (Bow River):

Q. You said that your outgoing traffic would be concentrates?—A. Yes.

Q. About 90 per cent?—A. Yes.

Q. Then what would your incoming traffic be?—A. Mining supplies; reagents from the mill; explosives; steel for the drill steel; steel balls for the ball mill, and so on. But we are not proposing to put in a passenger service on this line. We told the industry that a bus operating on the highway was a more economical form of transportation than trying to form a passenger service by rail, so there will be no passenger service.

By Mr. Carter:

Q. Would there be any emergency passenger service like you have to Link lake?—A. There is a regular service to Link lake.

Q. I understood that before the Sessional committee on Railways and Shipping there was some complaint about the kind of service. Mr. Gordon explained that it was an emergency service, not a regular service.—A. We have a regular service there. I think perhaps you are talking of the service put in before the line was finally constructed. There is a period during construction when we are not under the authority of the Board of Transport Commissioners, until the line is finished. In that period we frequently engage in the operation technically called "operation during construction". That is a sort of emergency thing. There will be nothing of that character in this case.

Q. You have protected yourself against the company by means of a penalty clause if they do not give you the volume of traffic guaranteed. Have you given any guarantees to the company in case you fall down on your part of the job?—A. Yes, we have. We are under obligation to have that line in there as soon as we can build it, which is an indication that they consider the line valuable. In any event, it is to be in before December 31, 1958. We are under that obligation. It is our intention, if we secure early approval to the bill, to start in construction this year and we anticipate we will have the rail to these Health Steele Mines in the fall of 1957. The mine plans stockpiling its concentrates until we get in there. They propose to be actually in service in April 1957.

Q. Is the company protected in any way against loss that might arise from a railway strike, in which ore would not move?—A. There is only the guarantee. That traffic guarantee would not cover a strike, I think. If they lost production by reason of a strike we would not hold it against them.

Q. No, but would they hold it against you, if that ore was there to be transported and they could not move it and lost markets?—A. No, no, they have no claim against us.

By Mr. Hamilton (York West):

Q. What is the length of the period of amortization?—A. What I said was that with the present known reserves of ore, if those ore reserves were exploited and no other reserves were found, the mine would have a life of about 15 years and we would have amortized our railway a little say outside 10 years.

Q. Then the guarantee period is not sufficient to amortize your capital cost?—A. Oh, heavens no, because if we put it on that level there would be no interest whatever in the mining company having us build a line, they would build it themselves. You have to approach the thing from a business point of view. We sit down as businessmen and talk the thing over. There has to a mutual give and take. If we asked them for a complete guarantee in which we took no risk, they might as well build the line themselves.

Q. Except that they would have to find the capital themselves in that case?—A. When you are talking of a company like the American Metals Company, finding the capital would be just peanuts. We approached it from that point of view and they looked at it from the same point of view—they were a mining company and did not want to operate a railway: we were railway operators and had no interest in the mining operations. We came to a business arrangement in which we would build the railway and they would guarantee traffic at a certain level and then we shook hands on the deal, subject of course to approval by parliament.

Q. So, in fact, there is what you say would be a fair assumption of risks on both the company and the railway?—A. Yes. I think there is undoubtedly a degree of risk on both the mining company and the railway. However, these risks are within the reasonable field of business activity. If we were not perfectly convinced that the risk, as far as the Canadian National Railways is concerned, is reasonably slight as to the future, I certainly would not be supporting the railway.

Q. You work out your costs on this and your amortization plan, on a rate which you figure will amortize the whole thing in something less than 15 years, taking into account of course the 6 year guarantee you have. Is that right?—A. Yes, that is correct.

Q. Now, when you work that rate out, what I am interested in is this—

Hon. Mr. MARLER: What rate are we talking about? Are we talking about freight rates or rates of amortization?

By Mr. Hamilton (York West):

Q. —would you say the freight rate is charged so that it will work out on your amortization plan?—A. That is the freight rate. I may have misled you. We did not set the rate to meet the amortization plan, we set it as being the rate which was set by competitive conditions. In other words, we had to convince the industry that they were better off with us than depending on highway transportation. It was that which set the rate. The rate is a competitive rate, it is set by the conditions the industry would be faced with if they did not have the railroad. Faced with those conditions and the rate having been determined on that basis, I then analyzed the effective rate on the basis of the scale of operations and the ore reserves which the mine has. On that basis I found that if things went according to plan we would have all our capital back in ten years.

Q. That is the plan I am getting at. That setting of a rate under the conditions which you have talked about extended your figuring and came out with the fact that it was an amortization of the capital cost in something less than 15 years?—A. That is correct.

Q. When you set this rate and extend the figures to work out your amortization, is there any part of the figure which you use in that rate which is calculated to cover the over-all operation of the railway?—A. Certainly.

Q. In other words, there is a contributing part of that figure which goes into the over-all operation of the Canadian National Railways?—A. Certainly.

Q. The reason I ask that is that it is most difficult on examination to find out which part of your lines pay and which do not, as we are answered that that is almost impossible to ascertain. I want to be sure that in this case the general operation figure is included in your competitive rate.—A. Certainly. To the extent the facilities are used, certainly. I would be a very poor analyst if I did not—and I am a professional analyst—do those things. I would not be worth my salt.

Q. No. Then, included in this rate is something which is going to help to pay some of the other areas which are a losing proposition from the company's point of view?—A. Of course, when you get into this picture of what is losing and what is profitable, you are embarking on a very frail barque on a very deep ocean. We live with the problem that we have lines which do not pay and when we think they are bad enough and the burden is too great, we take our troubles to the Board of Transport Commissioners and try to be relieved of them.

Q. You were asked questions about the final destination of the constant freights? I think that would be impossible for you to answer, but could you answer as to whether there is any place in this area at all, that is within Canada itself, for which they could be destined?—A. I said I am strongly in favour of zinc concentrate, a custom zinc smelter in Canada. In the absence of a custom zinc smelter here in Canada these concentrates are being sent to markets throughout the world. Where they go I do not know. They might go to Belgium or to Wales, in both of which locations there are smelters. They go anywhere smelters exist. Once you get on the highways of the ocean you have available dozens of places.

Q. At the present time there are no facilities for further process here?—A. No, not in Canada. I wish there were.

By Mr. Purdy:

Q. When you are speaking of rates, are you speaking only of the rates from the mine to Bartibog? When the material gets to the main line, what about the freight to the destination?—A. The rates I am speaking of would be the rates only to the main line.

In regard to the other question, if there were created a customs zinc smelter in eastern Canada I am satisfied that a mine operating anywhere in the St. Lawrence river basin or in the maritime provinces just could not afford to overlook the advantages of selling those concentrates to the Canadian refinery. That is, assuming that an artificial trade barrier did not get into the picture.

Mr. NICHOLSON: We are glad to have the information available to us this morning. In 1928, there was a branch line into Flin Flon, Manitoba. It was about 80 miles. The opposition were questioned about that. I think, and as I recall it, it was suggested that they had an ore body for ten years but after operating for 28 years it now appears as if the ores will be available for another 50 years. This has proved to be a very profitable operation for the Canadian National Railways. I hope the new one will be as successful a development as that in the Flin Flon area. I asked the minister earlier if he was coming before the house later on this matter. I was particularly interested in how far he had to go with economics before a recommendation was made.

I was interested in connection with cement works in Saskatchewan. It is proposed to build a branch line from Mafeking across to Swan river. The minister did not get round to answering the question in the house.

Hon. Mr. MARLER: I think I was very wise.

Mr. NICHOLSON: There is a cement plant being built in Regina and I wonder if the minister has done any research or examination in regard to it.

Hon. Mr. MARLER: I think if you ask Mr. Fairweather he would be able to tell you, as far as the Canadian National Railways is concerned.

The WITNESS: We have had negotiations with that outfit and the negotiations have been satisfactory.

By Mr. Nicholson:

Q. You have not reached the point of recommending yet?—A. As far as I am concerned, it is all through the mill.

Hon. Mr. MARLER: How long is the branch line?

Mr. NICHOLSON: A few miles.

The WITNESS: I do not think it requires an act. We have concluded an agreement with that company. We have general authority under our act to construct railways up to six miles in length without requiring a special act of parliament.

By Mr. Hahn:

Q. In what way does it differ from the agreed charge that exists on the line we are speaking of today where the proposed branch lines is 22 miles long? —A. An agreed charge is a particular definition of a term under which an industry in construction by a company give a certain operation rate and, given a tariff rate, contracts to send a certain proportion of its traffic by rail.

Q. Is that what we are doing here?—A. No, no, this is quite a different matter, this is a traffic guarantee. Under an agreed charge, once a man signs it he has no option. In this arrangement he does not undertake to use the railway at all. If he does not like the colour of our hair or something like that he can stop using the railway.

Q. Is there not a guarantee?—A. As I say, if he ceases to ship, he has to pay a penalty.

Q. I have another question in respect of passenger traffic. I think Mr. Johnson raised that question earlier but you said, if I remember correctly, that you had explained to the mines that it would be cheaper to use a bus system into the area from, say, Newcastle. Is there a bus in operation today?— A. No, I do not think there is, but there are private cars which are performing the same function. You have touched on a rather interesting point. Typically, in the old days, whenever you got a mine like these Heath Steele Mines, around that mine there was developing a town. The Heath Steel felt—and I agree with them—that advantage should be taken of the proximity of a municipality like Newcastle, which is already fully equipped with all conveniences, to be the base of operations and that the 35 miles between Newcastle and Heath Steele Mines should not bar people living in Newcastle and working in the mines. Therefore, they do not propose to have a town set up at the Heath Steele Mines. They propose to use the Newcastle townsite. They came to us and when we were talking about the railway they asked us frankly about the running of a rail passenger service from Newcastle to Bartibog over the Heath Steele line. We examined it and we gave them figures and those figures demonstrated very conclusively what I have said, that they are much better off to stay on the highway for passenger traffic.

Q. Provided the passenger rate would compensate those who were operating the bus?—A. I find myself going round in circles. I have said time and again that the cost of the service by the railway is higher than the cost of service by highway when it comes to transportation of passengers. Incidentally, we said: "We are not intending to put a passenger service on here on the railway and operate it at standard railway rates unless you are prepared to guarantee the patronage, because otherwise people would be driving from the Heath Steele Mines to Newcastle and we would be running an empty train". It is just as simple as that.

Q. What examination has been made into this possibility of running a line from Bathurst to the Heath Steele Mines?—A. This blue line you see here is an old abandoned railway which is owned by the province of New Brunswick. At one time there was an iron mine located on the banks of the Nipisiguit river. It went bankrupt and the province of New Brunswick became the heir to the railroad. The railway was actually rejuvenated during world war II when the Germans had stopped us from moving the iron ore from the Wabana mines. Ore of an inferior grade was taken from this mine over the rejuvenated branch line. Immediately the war ended, the matter was dropped and subsequently this discovery was made in the near vicinity. I have explained that this big mineral area is divided into two spheres. One is on the north of the Nipisiguit and the other is on the south of Nipisiguit. The blue line is on the north of the Nipisiguit. We looked into the possibility of serving this whole area with one branch line instead of with two and came to the conclusion that it was better to have two rather than one. If the point of your remark is as to what this branch line would do, it will probably be required to serve the mines on the north side of the Nipisiguit river.

By Mr. Barnett:

Q. Do I take it that that line at the present time is actually not in operation?—A. It is not in operation as a railway.

Q. Has the Canadian National Railways any interest or has it acquired any interest in rights in regard to it?—A. That would depend on the mining interest to the north of Nipisiguit.

Q. Are there mining properties in the northern area which are in production at the present time?—A. Not in production. There is nobody in production.

By Mr. Green:

Q. Could the agreement between the mining company and the railway company be included in the proceedings?—A. At this stage I would like to submit that it is not in the interest of the development of Canadian National Railways to disclose the details of these guarantee agreements. We have always treated them as confidential documents. We have stated in general terms what they include, but I would respectfully suggest that their details should not be disclosed.

Hon. Mr. MARLER: I think it really puts the national railway at a disadvantage vis-a-vis its competitors across the country if it is called upon to answer that sort of question.

Mr. GREEN: I do not want to do that.

Clause 1 agreed to.

On clause 2—Competitive Bids or Tenders.

By Mr. Hamilton (York West):

Q. On clause 2, could Mr. Fairweather tell us approximately how much of this work will be laid out to contract and how much will be done by the contractor themselves?—A. Our standard practice is to let everything by contract except the railway line.

Q. What does that come down to in dollars, or in proportions?—A. Roughly three quarters of the work is done by contract and one quarter by our own labour force.

Q. Do contracts for most of this work go to contractors in the area in which you are operating, or do some of them go outside?—A. They go to contractors who quote us the lowest price and who give us the impression that they are good businessmen.

Hon. Mr. MARLER: Even if they come from Toronto.

Clauses 2 to 5 inclusive agreed to.

On clause 6—Guarantees.

Mr. HAMILTON (*York West*): In connection with the securities that are issued, has it ever been the custom to tie them down to the particular construction that is taking place or are they always of a general nature—a general obligation of the railway company?

Hon. Mr. MARLER: My understanding is that though the act provides—for financing by the issue of securities it is customary for the Department of Finance to advance the funds; I do not think specific debentures are issued against specific project.

Mr. HAMILTON (*York West*): Although the advance is made by the government through the Department of Finance, are these securities not issued to the public as well?

Hon. Mr. MARLER: I think there is no issue made specifically in relation to specfic projects.

Mr. HAMILTON (*York West*): In other words it is financed through a general issue of bonds of the C.N.R.?

Hon. Mr. MARLER: I think that is correct.

Mr. HAMILTON (*York West*): Has any thought ever been given to tying it down to a specific project? Mr. Fairweather has set out very clearly the economic circumstances, and the indication is that this is a line which in the ordinary course of business should make money. Has any consideration ever been given to tying down the issue of securities against the new construction that takes place? Secondly, if that has ever been considered, is it possible that this type of issue might take place without a guarantee of the dominion government behind it?

Hon. Mr. MARLER: It seems to me that the question takes in a lot of ground. I doubt very much whether, first of all, this is a very appropriate occasion on which to discuss it, because we are dealing here with an issue of $3,220,000 and I do not think the hon. member would suggest we should finance an amount of $3,220,000 separately from the over-all requirements of the C.N.R. As the hon. member knows there is a financing bill before the house at the present time, and my understanding is that all the requirements of the railway would be taken care of under that bill though this present bill is, of course, authority to spend the money and, if necessary, in theory, to issue securities for that purpose.

Mr. HAMILTON (*York West*): Does the hon. minister know whether there has ever been an issue of securities against a particular project?

Hon. Mr. MARLER: I do not think that has taken place in the case of the Canadian National Railways.

Mr. NOWLAN: Would it not take a tremendous amount of bookkeeping to keep the different issues separate?

Hon. Mr. MARLER: I do not know, but I think it would be likely.

Clause 6 agreed to.

Clauses 7 and 8 agreed to.

On the schedule.

Mr. BARNETT: May I ask one question for information? I notice that though the estimated cost of this line is $2,800,000, clause 4 provides for a loan up to $3,220,000. What is the reason for the difference?

Hon. Mr. MARLER: It is customary to add a margin of 15 per cent to the estimated cost. I think that if you add 15 per cent to $2,800,000 it will amount to $3,220,000.

Schedule agreed to.

Title of the bill agreed to.

Bill, without amendment, to be reported.

Hon. Mr. MARLER: I wonder if we might have the names of the gentlemen accompanying Mr. Fairweather? Would you indicate, for the record, those who are with you today, Mr. Fairweather?

The WITNESS: Mr. Lionel Côté, assistant solicitor general, Mr. G. H. Hoganson, Office Engineer, and Mr. K. M. Ralston, mining engineer.

The CHAIRMAN: Before we leave I want to thank Mr. Fairweather and his assistants for the splendid presentation they have made to the committee.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

BILL No. 212

An Act to amend the Telegraphs Act

WEDNESDAY, JULY 11, 1956

WITNESSES:

Mr. Gordon F. Maclaren, Q.C., and Mr. M. E. Corlett, of Ottawa, Counsel for the Commercial Cable Company, New York; Mr. E. A. Martin, Canadian Manager; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

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

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

and Messrs:

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Batten
Bell
Bennett (Miss) (*Halton*)
Bonnier
Boucher (*Chateauguay-Huntingdon-Laprairie*)
Buchanan
Byrne
Campbell
Carrick
Carter
Cauchon
Cavers (*Vice-Chairman*)
Clark
Decore
Deschatelets
Dufresne
Dupuis
Ellis
Follwell
Gagnon
Garland
Goode
Gourd (*Chapleau*)
Green
Habel
Hahn
Hamilton (*York-West*)
Harrison
Healy
Herridge
Hodgson
Holowach
Hosking
Howe (*Wellington-Huron*)
James
Johnston (*Bow River*)
Kickham
Lafontaine
Langlois (*Gaspe*)
Lavigne
Leboe
Maltais
McBain
McIvor
Meunier
Murphy (*Lambton West*)
Murphy (*Westmorland*)
Nesbitt
Nicholson
Nixon
Nowlan
Purdy
Ross
Small
Viau
Villeneuve
Vincent
Weselak

Antonio Plouffe,
Clerk of the Committee.

ORDERS OF REFERENCE

TUESDAY, July 3, 1956.

Ordered,—That the following Bill be referred to the said Committee: Bill No. 212, An Act to amend the Telegraphs Act.

TUESDAY, July 3, 1956.

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

Attest.

LEON J. RAYMOND,
Clerk of the House.

THE HOUSE OF COMMONS OF CANADA

BILL 212

An Act to amend the Telegraphs Act.

R.S. c. 262; 1953-54, c. 22.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. The *Telegraphs Act* is amended by adding thereto the following Part:

"PART IV.

EXTERNAL SUBMARINE CABLES.

Interpretation.

"External submarine cable" and "telecommunication" defined.

40. In this Part, the expression "external submarine cable" means a telecommunication service by submarine cable between any place in Canada and any place outside Canada or between places outside Canada through Canada, but does not include any service by a submarine cable wholly under fresh water; and the expression "telecommunication" has the same meaning as it has in the *Radio Act*.

Licences.

Licences required.

41. No person shall in Canada

(*a*) operate an external submarine cable; or

(*b*) construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable

except under and in accordance with a licence issued under this Part.

Regulations.

Regulations.

42. The Governor in Council may make regulations

(*a*) providing for the issue of licences for the purposes of this Part;

(*b*) respecting applications for licences and prescribing the information to be furnished by the applicants;

74074—1½

(c) prescribing the duration, terms and conditions of licences and the fees for the issue thereof;

(d) providing for the cancellation or suspension of licences for failure to comply with the terms and conditions thereof; and

(e) generally, for carrying the purposes and provisions of this Part into effect.

Penalties.

Offences.

43. Every person who violates any provision of this Part or the regulations is guilty of an offence and is liable

(a) on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months or to both fine and imprisonment; or

(b) on conviction on indictment, to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding twelve months or to both fine and imprisonment.

Crown bound.

44. Her Majesty is bound by this Act.

Existing services.

45. For a period of four months after the day on which this Part comes into force this Part does not apply to any external submarine cable existing on that day."

Coming into force.

2. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

EXPLANATORY NOTE.—The purpose of the proposed new Part is to provide for the control of submarine cables terminating in or passing through Canadian territory.

MINUTES OF PROCEEDINGS

WEDNESDAY, July 11, 1956.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 3.30 o'clock p.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Bell, Bonnier, Byrne, Campbell, Carter, Cavers, Follwell, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Healy, Herridge, Hodgson, Hosking, Howe (*Wellington Huron*), James, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspe*), Lavigne, McCulloch (*Pictou*), Nesbitt, Nicholson, Nixon, Purdy and Small. (30).

Also present: The Honourable Geo. C. Marler, Minister of Transport, and Mr. J. R. Baldwin, Deputy Minister.

In attendance: From the Commercial Cable Company: Mr. M. E. Corlett, Counsel, Ottawa; Mr. Gordon F. Maclaren, Q.C., Counsel, Ottawa; Mr. E. A. Martin, Canadian Manager; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

From the Western Union Telegraph Company: Mr. Alastair Macdonald, Q.C., Ottawa Counsel for the Company; Mr. Robert Levett, New York, Assistant General Attorney of the Company.

From the Privy Council: Mr. E. F. Gaskell.

The Committee commenced consideration of Bill No. 212, an Act to amend the Telegraphs Act. It was agreed to hear representations from the Commercial Cable Company as well as from the Western Union Telegraph Company as per their request to the Chairman, the former opposing The Bill.

The Honourable Minister of Transport made some preliminary remarks and quoted an extract of a letter dated July 6, received by Mr. J. G. L. Langlois from Mr. Gordon Maclaren, Q.C., of the firm of Maclaren, Laidlaw, Corlett & Sherwood, acting on behalf of the Commercial Cable Company, relating to an advance distribution of the Company's brief to the members of the Committee. The Minister's remarks followed an observation of Mr. Corlett on the same subject.

Mr. Corlett was called, made a summary of the brief, copies of which were distributed forthwith. Mr. Corlett introduced and was assisted by Messrs. Martin, Henderson and Kennedy who answered specific questions. Mr. Corlett suggested three amendments to Bill No. 212 and copies of these were tabled.

Mr. Henderson was also called, made a statement and was questioned.

Before adjournment, on motion of Mr. Cavers, seconded by Mr. Hosking,

Resolved,—That the Committee print 650 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence in relation to Bill No. 212.

At 5.55 o'clock p.m., Mr. Corlett's examination still continuing, the Committee adjourned until Thursday, July 12 at 10.30 o'clock a.m.

Antonio Plouffe,
Assistant Chief Clerk of the Committee.

EVIDENCE

WEDNESDAY, July 11th, 1956,
3.30 p.m.

The CHAIRMAN: Gentlemen we have a quorum. We have before us Bill No. 212, an act to amend the Telegraphs Act. Mr. Corlett is here representing the Commercial Cable Company. Do you wish to hear him now? Mr. Corlett will introduce the members of his party.

Hon. George C. MARLER: Mr. Chairman, just before Mr. Corlett goes ahead with the presentation of his brief I would like at once to correct an impression which I think must have been created under a misunderstanding. I have here a letter which was addressed to one of the members of the committee by the firm of Maclaren, Laidlaw, Corlett and Sherwood. Perhaps members will recall that this letter was sent with the brief that was sent to members of the committee. The third paragraph states:

> I ask you to keep same confidential until the committee sits in the same way you do when such briefs are distributed in advance through the usual parliamentary procedure, which distribution facilities were denied us through the intervention of the Department of Transport.

I would like to say that I am not a member of this committee and I would not for a moment presume to give instructions to the secretary as to what should be done with any brief submitted to the committee. I would like to assure members of the committee that I have had nothing whatever to do with the distribution of this brief, neither did the officials of my department have anything to do with it, and I feel sure this statement must have been made under a complete misunderstanding as to what were the facts.

Mr. Murray E. Corlett, Counsel, Commercial Cable Company.

The WITNESS: Mr. Chairman and hon. members, before I introduce the other members of the group representing the Commercial Cable Company, in defence of our conduct as raised by the minister perhaps I might be permitted to say this—I do not think anything will turn on it but I do not want the committee to believe that we were just being difficult. Hon. members will remember that the bill received a second reading in the House of Commons a week ago yesterday and was referred to this standing committee. Our understanding, from occasions on which we have been before committees in the past, and an appropriate brief existed, was that it was often desired that copies of the brief be distributed to the members before the hearings in order that members would have a chance of seeing the nature of the case which the particular suppliant was making. We were in touch with Mr. Arsenault's branch—and I may say that our regard for Mr. Arsenault is very high; I have always thought he was a very faithful servant of parliament—and we were told on Wednesday to submit 70 copies of our brief. While we were in the process of reading them over we received a second phone call from Mr. Arsenault saying he had received instructions from the Department of Transport that they were not to be distributed in advance. It is true there was a misunderstanding, and finally the matter was cleared up, and we were advised by the chairman of this committee on Friday last that we were to file our brief

in that manner but unfortunately at that point we could not do it, so we took the only course we thought was available to us and submitted them to the members directly. But in view of the minister's explanation, as far as we are concerned we have no desire to create any difficulty at all.

With that explanation perhaps, Mr. Chairman, I might proceed.

Mr. Chairman and hon. members, I am representing Commercial Cable Company and with us we have my law partner Mr. Gordon Maclaren who is Canadian counsel for the company; Mr. E. A. Martin of Montreal, the Canadian manager of Commercial Cable Company; Mr. Forest L. Henderson, executive vice president of Commercial Cable Company in New York, and finally Mr. James A. Kennedy who is vice president and general counsel of Commercial Cable Company in New York.

At the outset we would like to thank the committee for this opportunity of presenting our case with reference to Bill No. 212. I might say that we as a Commercial Cable Company are opposed to Bill No. 212 in its present form. We feel that we have bona fide grievances and that this is our opportunity to present our side of the case to this committee and to the high court of parliament. Briefly, dealing with the history of this company, it is obvious from its name that it is engaged in the cable business. The Commercial Cable Company received from the parliament of Canada in 1884 a statute which permitted it—it was couched in quite wide terms and is appended as an exhibit to the brief—to land cables in Canada and, as a matter of fact, to operate land telegraph lines and also telephone systems, but from 1884 to the present date the Commercial Cable Company has confined its activities to the cable business. With reference to the original 1884 statute I would like to draw the attention of hon. members to section 3 where you will note that the enactment of 1884 by parliament was made subject to an already existing regulatory act. There was no Telegraph Act as such in existence in 1884 but there was a statute dealing with marine cables and telegraphs and a separate statute of a regulatory character dealing with land telegraphs and I would draw the attention of hon. members to the fact that parliament, even though this form of regulation did exist in 1884, stipulated that if there was any conflict between the provisions under the regulatory statute and the Commercial Cable private statute that the provisions under the private statute should override, and as a matter of interest in 1906 the statute revision commissioners decided that the two regulatory statutes which I have mentioned should be combined into what is now the Telegraphs Act, and I believe the Telegraphs Act has been satisfactorily carried forward to the present date though there have been some amendments.

Having obtained this statute in 1884 the company proceeded to lay certain cables and over a period of years it has laid six cables across the Atlantic from some point on the continent of Europe going across and touching Nova Scotia and in some instances Newfoundland and then going down to the United States. The first two cables, as a matter of interest, were laid in 1884; the third in 1894, another in 1900, the fifth in 1905 and the last in 1923. I would ask hon. members to note that the last cable laid by this company was in 1923 at a time when the population of Canada was a little less, I believe, than nine million people. If that is the case, surely it is a matter of common sense that now, in 1954-1955 when the population and the wealth of Canada have expanded tremendously—and our population is now over 15 million people—it would be logical that this company would want to improve and expand its facilities. Otherwise it seems to us that the company is put in a straitjacket if they have not got new facilities that have been created since 1923. Parliament has said: "you can build cable lines" but if we are going to be denied the right to build new cables it seems to me that that is a very strange way of allowing a company to do business. Either a company is going to do business, or it is not. Suppose, for instance, that the Steel Company of Canada was putting in an

addition to its plant in Hamilton—which, in fact, they are,—and at the same time somebody with legal authority said to their competitors—Algoma Steel or Dominion Foundries and Steel: "True, the Steel Company of Canada is going to put on an addition to its plant to take care of the new business arising from the great prosperity and growth of recent years but you, Dominion Foundries and Steel, or you, Algoma Steel, who are normally competitors, will not be allowed to expand your facilities."

Now it is a fact that the Telegraphs Act, section 22, does speak in terms of applying to the governor-in-council and actually I believe that is the practice that this company has followed in connection with all the cables which have been laid to date—all six of them. It is a matter of interest that in 1923 when an application was made to the then Secretary of State, the late Senator Copp recited the statutory authority we had under the 1884 statute and the regulatory provisions that existed under what is now section 22 of the Telegraphs Act, and the company was officially advised by the Secretary of State that in view of these provisions it was necessary to apply to the governor-in-council at all, as long as a landing licence was obtained from the then Minister of Marine and Fisheries, but the practice and policy of the company has always been to cooperate with the proper authorities of the federal government whenever possible and it is a fact that an application was made in every instance although, as I say, there is some legal doubt as to whether the company is obliged to do so or not.

As far as any licensing provision is concerned I would say that the company has no objection to being subjected to a licensing system as such, provided that in exercising such a licensing system the statutory rights of the company as expressed in the statute of 1884 are not nullified. And, secondly, that any system of licensing that does exist will not be exercised in favour of Commercial Cable Corporation's big competitor, about which I will have something to say in a minute, namely, the C.O.T.C.—the Canadian Overseas Telecommunications Corporation, which is a crown company and the hon. members will remember that it was created by a statute of this parliament at the second session in 1949.

Now, to complicate things—I am giving this to you as background in order that you can perhaps better understand the plea which we are putting forward today—the background of cable communications is confused, I might say, by a series of Commonwealth communication agreements. The various self-governing countries of the Commonwealth have entered into a series of agreements dating back over a number of years. There was one in 1928, the Imperial Wireless and Cables Conference, and if you look at the statutes of 1929 you will see that the parliament of Canada implemented part of the report of that Imperial conference with reference to the Pacific cable.

Coming down to 1937, there was another Commonwealth empire—I think it was called—rate conference in 1937. As a result of that conference, a number of things were agreed upon by the participants including Canada. Canada had a delegate at that conference. Now, it is not possible at this date to obtain a copy of the report, if there was ever a copy made for public distribution; but reference is made to this by Mr. Connelly of the Department of Transport when he was testifying before this committee when the C.O.T.C. bill was before this committee on November 8, 1949. He gave a review of what happened. Dealing with this 1937 conference, he stated on page 13 of the proceedings of evidence of that day, that it was agreed by the Commonwealth governments that: They would "continue the policy of resisting the authorization or opening of new circuits which would be detrimental to Cable and Wireless Limited or its associates in the British Empire".

That reference seemed to come out about ourselves and the building of new cables notwithstanding the fact that certain powers were given to our

company under the 1884 statute. The significant thing is that in so far as the 1937 agreement is concerned—the 1937 Empire Rates Conference Agreement—that it was never tabled in this house, and, certainly no legislative action arose implementing any change in communications policy arising from this agreement. That I might say is in contrast to what the British government did who were parties to the same agreement. On that point I would refer you to the British white paper entitled "Cable and Wireless Limited, proposed transfer to Public Ownership". The report is dated April 1946. I am using it at the moment because of the recital of the history of these communications agreements that have been entered into by Commonwealth countries from time to time. On page 4, dealing with the reorganization which took place in 1938 as a result of an agreement which, as far as I can tell, was the one in 1937, the subject matter ties in with what Mr. Connelly was talking about in 1949.

On page 4 it is stated:

> In the United Kingdom the necessary legislative sanction for these modifications was given by the Imperial Telegraphs Act, 1938.

I submit, as far as Canada is concerned, that the document was never tabled nor was there any legislative action implemented as a result of that agreement.

Then the war came along and we come to 1944. By then the Imperial Advisory Committee had been changed to, I believe, a Commonwealth Communications Council. In the same British government document, from which I am quoting, on page 5, they recite the fact that there was a meeting of this Commonwealth Communications Council in 1942 in Australia and another meeting in 1944. As a result of the 1944 meeting:

> —the government—that is the British government—did not think that the scheme recommanded by the council would provide that degree of central coordination essential to secure the consolidation and strengthening of the wireless and cable system which was felt to be imperative. The United Kingdom government accordingly, with the agreement of the other Commonwealth governments, asked Lord Reith to undertake a mission to the Dominions and India to explain the difficulties felt by the United Kingdom government and to explore alternatives.

Lord Reith made a trip around the world and in due course there was another telecommunications council meeting held in London Enland in 1945 as a result of Lord Reith's trip, and he was the chairman of the council meeting in London.

In item 10 on page 5 of this white paper it is stated:

> "The Commonwealth Telecommunications Conference reached the unanimous conclusion that in order to secure the desired strengthening and better ordering of the Commonwealth Telecommunications System, a fundamental change in the present organization was essential. They recommended: firstly, that the private shareholder interest in the Overseas Telecommunication Services of the United Kingdom, the dominions and India should be eliminated by the acquisition by the respective governments of the shares in the companies;

Also, without going into it further, they asked for wider powers for the Commonwealth Communications Council.

Then, in order to implement all that, in 1948, another Commonwealth Communications Conference was held and an agreement was entered into and Canada was a signatory to that agreement. In the recitals to the agreement it is stated that the purpose of this 1948 agreement was to implement what the

1945 conference had decided upon. The only reference, as far as we are aware, to this in 1945, was a statement made by the Hon. J. L. Ilsley who was acting Prime Minister. On November 8, 1945—this is in Hansard on page 1931 of the second session for 1945—Mr. Ilsley said there had been a meeting in 1945 and—

> "that conference was duly held and unanimously recommended"—and I will only refer to paragraph (*b*)—"(*b*) The public ownership of overseas telecommunications services of all the Commonwealth governments."

It would look, in 1945, as if the Commonwealth governments were intending to nationalize all the external telegraph communication services in the countries. If that is the policy of parliament, then that is so, but nothing appeared in 1945.

In 1948 we were a party to the Commonwealth Telegraphs Agreement in which it is stated—and I quote from article 1 part 1—

> 1. Each partner government in whose territory a local company is operating external telecommunication services shall purchase all the shares in the local company which it does not already own or otherwise acquire the local company's undertaking to such extent as it has not already done so.

In the next subsection, they restricted it, in so far as Canada was concerned, to the acquisitions of assets of the Canadian Marconi Company. Then, part of the agreement was that an enlarged telecommunications board would be set up with headquarters in London, England, to which the signatory countries would contribute. The basis on which they contribute is rather involved, and I do not think I need mention it here.

Article 11 of the 1948 agreement, to which Canada was a party, says:

> Each partner government shall take appropriate action—whether by legislation or otherwise—to confirm this agreement, to raise and provide the finance and to obtain the other powers necessary for it to carry out this agreement.

I am advised that this 1948 Commonwealth Telegraph Agreement, dated 11 May, 1948, to which Canada was a party, was signed on behalf of the government of Canada by Mr. N. A. Robertson who was High Commissioner in the United Kingdom, but that that agreement has never been tabled in parliament and certainly has never been implemented. On this point, let us look at the record of the British government in accord with item 13 on page 6 of this white paper which states:

> It is the government's intention to seek further parliamentary approval later for the establishment of the Commonwealth Telecommunications Board and the implementation of the scheme recommended by the Commonwealth Telecommunication Conference.

I submit, hon. members, that that is not what has been done in this country.

Coming down to more recent times, and the effect that all this has on our company because of the fact that the last cable was laid in 1923, in view of the rights which this company has under a Canadian statute, what is more logical than that the company will decide that they want to build another cable. An application to build a coaxial cable was made to the government of Canada. The statute talks about the governor in council but it was submitted to the government of Canada through the Department of Transport on September 13, 1954, although it is a fact that some of the members of the government were aware of the company's intentions a year previously. In any event, the formal application was made on September 13, 1954. Now, the hearings took place in the Hunter Building here in the city. I think there were sixteen

delegates in all and the meeting was chaired by the Assistant Deputy Minister of Transport and representatives of the department and the company were there; also I believe there was perhaps a representative or two from the Department of External Affairs and the Department of Finance which seems to be quite proper.

But, who in addition was there to pass judgment on the application of this company? There were four representatives including the president of the crown company, C.O.T.C., which is now in competition with our company and has been since 1949; and, if you please, Colonel Reith representing the British post office. You see the difficulty in which this puts a private group who are applying to a department of government as they are required to do under the statutes of Canada. We have copies of the briefs submitted at that time if any hon. members would like to see them.

Our whole case is presented, and who is there, sitting in judgment, but none other than our competitor C.O.T.C. and their English counterpart the British post office. We submit that that is not a good thing or fair from the standpoint of a private company. The upshot of that application was that on February 9, 1955, a decision was made and we were advised by the minister that in so far as through coaxial cable—that is a cable coming from Europe to the United States—was concerned it was in order to be landed at Newfoundland or Nova Scotia but that no local outlets would be allowed to Commercial Cable Corporation in Canada, notwithstanding the fact that since 1886, Commercial Cable Corporation never operated land lines but entered into an interchange agreement with the Canadian Pacific Telegraph Company and have been working with them by agreement ever since.

As a result of this decision, they are denied the right to participate in the expansion of Canada and to improve their own facilities. In this connection, Mr. Henderson will follow me and will give you the technical information. Coaxial cable is more recent than any type which existed in 1923. On that point I would like to make comment on one or two observations that were made by the minister when he was piloting this Bill 212 through the House of Commons on second reading. You will remember that he stated that a review of the Telegraphs Act was necessary. I am paraphrasing what he said but I think I am reasonably accurate. The minister said that the review of the Telegraph Act was necessary because of technological developments. Our application was not made until September, 1954, and my information is that coaxial cables on land lines in North America had existed since 1934. The first one was laid from New York to Philadelphia; and as far as submarine coaxial cables are concerned, one was laid between Key West and Cuba in April 1950, and in the same year between England and Denmark, under the North Sea.

My submission is that a co-axial cable is not something which has come to light very recently and that it was used commercially in submarine work, as far back as 1951.

Now with a statute such as the Telegraph Act—which was enacted 75 years or more ago—it is logical that perhaps it might have to be reviewed, but I submit that the government and parliament had an opportunity to review the Telegraph Act in 1954 because it was amended in that year.

Hon. members will recall that one member—I think the member for St. John-Albert, New Brunswick—raised the question at that time because he felt that the amendment dealt with then conflicted with certain provisions in another section of the act, and he raised the question and was advised by the parliamentary assistant—and I shall read from Hansard for Thursday, February 18, 1954 at page 2231, where Mr. Langlois said:

> I do not think the hon. member has clarified the point he wishes to make. However I can assure him that the law officers of our department have thoroughly considered the amendment before submitting it,...

I submit that if the advent of the commercial cable was going to present any difficulty, then it was in 1954 that the matter should have been dealt with. And hon. members will remember that about the same time that the Telegraph Act was being amended in 1954 you had your enabling bill, the Eastern Telegraph and Telephone Company bill which was going to permit the Canadian Overseas Telecommunications Corporation to participate in the trans-Atlantic telephone system, and that occurred about the same time, in March, 1954.

I submit that the key date was September, 1954, when Commercial Cable made application. But the whole result would appear to be that the government of Canada does not want to have private competition notwithstanding the reassurance by the minister in 1949 when the C.O.T.C. bill was before parliament, when he said there was no intention of C.O.T.C. to create a monopoly, and he said there would be plenty of competition. It would appear however—unless there is strong evidence to the contrary, and we have not seen any evidence to date—that the desire of the crown company is to gain control of as much business as they can.

If Commercial Cable Company is denied the right to improve its facilities, then in all seriousness they will ultimately have to consider what their future will be in Canada. They cannot carry on in 1956 with horse and buggy equipment in a jet machine age. So that, in summary, we oppose the bill on two grounds: first, if the government of Canada is going to be bound by the Commonwealth agreements—and it is for parliament to say—then they should do what the British do, and that is to enact the necessary legislation which will be necessary to over ride the rights which Commercial Cable Company have in their 1884 statute, and which are still good today.

For the reasons I have mentioned, they have not done so. Secondly, here is a company which has rights, wide rights under a statute of this parliament, and they want to improve and expand their facilities, and as a result of a decision by the minister in February 1955, they are being denied that right.

Finally, as far as Bill 212 is concerned, it is not for us to say; it is for the committee and eventually for parliament to say; but it seems to us that it presents the fact that bill 212—and these are suggestions as to how parliament can get around the difficulty and still safeguard the rights of our client, Commercial Cable Company—that is by adding a new section which would read:

> Nothing in this part affects any right or obligation granted or imposed by chapter 87 of the statutes of 1884,

and that was the Commercial Cable statute of that year.

Looking through the statutes of Canada there is a precedent for it; those words were taken from the Transport Act of 1937 or 1938 when it was enacted.

Finally, now that it is a fact that C.O.T.C. and Commercial Cable Company —one a crown company and one a private corporation—are in competition, and there is a precedent for that, just as there is in the railways, perhaps the time has now come when it would be easier for the department if the regularity powers conferred upon the governor in council under the Telegraph Act—which in fact would be administered by the Department of Transport—perhaps the time has now come when those powers should be transferred to the Board of Transport Commissioners in order to protect the interests of both groups, those of the public and those of the private groups.

Taking Bill 212 as it stands, that could be achieved with a new section on page 2 instead of the words:

> The governor in council may make regulations if you substituted the Board of Transport Commissioners may make orders and regulations.

You could carry on as it is now. That would be on page 2 of the bill in clause 42.

If that was accepted it would be necessary to go one step further and to add these words: which would read that:

All provisions of part III and this part dealing with external submarine. . . . .

By Mr. Hamilton (York West):

Q. Would you please read that more slowly?—A. I have a number of copies but I did not want to go beyond the rules of the committee;—that "all the provisions of part III"—which is another part of the Telegraph Act which deals with cables—"and this part—" that is the new part being incorporated in Bill 212—"dealing with external submarine cables shall come under the jurisdiction of and be administered by the Board of Transport Commissioners".

There is one further point which arises out of our curiosity from the viewpoint of the law; in view of the fact that we have not followed the practice in the United Kingdom, I submit with respect that there is a correct practice in law which is the passing of enabling legislation under the set-up of this Commonwealth Telecommunications Board. We would like to know—the fact is that the board exists, and first of all: has Canada sent delegates since 1950 or 1951; and secondly, who those delegates have been? Thirdly, do they meet one, two or three times a year? And fourthly, how is money appropriated in order to finance Canada's share of the cost as provided in the 1948 Commonwealth Telegraph Agreement?

That is all I have to say, but Mr. Henderson, our vice-president, has certain information which he thinks would be of interest to the committee before they attempt to reach a decision on this bill.

By Mr. Cavers:

Q. Mr. Chairman, I have one question. I understand that between 1884 and 1894 two cables were established, in a period of ten years; and then in a period of six years between 1894 and 1900 one cable was established; and after the expiration of five years, in 1905, another cable was established; and after 18 years, between 1905 and 1923 one cable was established; and then in the intervening period of 30 years, may we take it that no application was made?—A. I think Mr. Henderson could answer your question better than I could.

Q. Did you find that there was any need for additional services between 1923 and 1953?

Mr. HAMILTON (*York West*): Are we going to question these witnesses after we are all through?

The CHAIRMAN: Let us call on Mr. Henderson now.

By Mr. Hamilton (York West):

Q. Perhaps the witness, Mr. Corlett, might submit his brief. Do you want to make it part of the record, or is it going to be read later on by someone else?—A. It was not our intention to take up the time of the committee to read it verbatim, but we have no objection to including it as part of the record if it is the desire of the committee.

Hon. Mr. MARLER: I am somewhat disturbed by that suggestion. I have read over the brief rather carefully and I find there are a number of passages in the brief where the statements do not properly interpret the facts. If the Commercial Cable Company wishes to put its brief before the committee, obviously that would be its right, but in that case it should be the right of every member of the committee to have an opporunity of asking questions on passages which I do not think are in conformity with the facts.

Mr. HAMILTON (*York West*): We would like to examine it too, and I think the brief should be read.

Mr. FOLLWELL: I think it should be read.

The WITNESS: Do you want me to read the brief now before Mr. Henderson is called?

The CHAIRMAN: Yes, proceed.

The WITNESS:

I. *Historic Background of Commercial Cable Company of Canada*

1. In the year 1884 by a special act of parliament, 47 Victoria Chapter 87 assented to April 19th, 1884 (copy attached as schedule "A") the Commercial Cable Company was given a broad charter and authority by the dominion parliament to land submarine cables and do business in Canada including the erection of telegraph lines across Canada. It has never erected telegraph lines, leaving this field to others and especially the Canadian Pacific Telegraphs with which it has exchanged traffic in Canada since 1884 on a contractual and co-operative basis. The Commercial Cable Company has owned and operated for many years a north Atlantic submarine cable system consisting of six cables extending between the United States, Canada and Europe. These cables were landed and operated on the shores of Canada under the above authority or charter granted by parliament. (Four of the cables of this system, land or touch the shores of Newfoundland for which authority was originally granted by the Newfoundland government). Two of the six cables were laid in 1884, one in 1894, one in 1900, one in 1905 and the latest in 1923. The present cable capacity is inadequate and is limited to 9½ duplex channels. These cables touch on Canada and service the Canadian public from coast to coast through the Canadian Pacific Telegraphs. With the fairly recent development of the greatly improved coaxial cables and the increase in use of cable communications, these facilities are now old-fashioned and inadequate for the present demand of Canada's expanding business and the clients in Canada of the Commercial Cable Company.

2. The charter is very wide and inclusive. The powers have never been abused. The cable rates must be approved by Canada (Department of Transport).

By Hon. Mr. Marler:

Q. Is that a correct statement, Mr. Corlett?—A. Our information, Mr. Minister, is that in the charter, under the existing Telegraphs Act, control over rates appears to be governed by the Board of Transport Commissioners. But, in our statute there is a provision which says that they cannot increase the rates without getting the approval of the government—having in mind, you see, that in 1884 there was no board of railway commissioners.

Mr. NIXON: Mr. Chairman, if this brief is to be read, could we not have it read through without explanations as we go along?

Hon. Mr. MARLER: I think Mr. Corlett is answering an objection on my part to the statement that the rates were subject to the control of the government.

Mr. NIXON: I see.

The WITNESS: Mr. Minister, there is a section in the Commercial Cable Company Act dealing with rates. I have not just been able to lay my finger on it. I am quoting from section 8 of the Commercial Cable Company Act:

> Provided, that the present existing rates charged for messages from any point in Canada to any point in Great Britain or Ireland, shall not be increased by the company hereby incorporated, or by any company with which it may be connected, or with which it may be pooling its receipts or to which it may be leased, unless such increase be first

approved by the governor in council: provided further, that the rate charged for the transmission of a message of 20 body words over the lines of the company between any two points in Canada, shall not be more than 25 cents,—

I think it is a fact that the statute operates only in terms of increase. But, it is also a fact that the Commercial Cable Company have always submitted their rates, whether individually or in concert with other companies, to the Department of Transport before it put any changes into effect. They have, I think, obtained their concurrence, or certainly their blessing. Certainly, I know, that has been the practice of the Commercial Cable Company, although technically speaking, if they were reducing their rates, perhaps they did not have to go to the government. Because there, you see, is an inconsistent provision with the provision in the Telegraphs Act which says you go to the Board of Transport Commissioners. Certainly I may say they have never gone to the Board of Transport Commissioners.

By Mr. Follwell:

Q. Mr. Chairman, if we are going on with this, the witness says that they submit the rates to the Department of Transport, but he did not say that the Department of Transport could take exception to them, or control them.—A. Mr. Follwell, I think if you want more information on that, I would have to turn to—

Q. Is that what you are implying?—A. Perhaps if I were ambiguous I could clarify it in this way: the Commercial Cable Company have always considered that they had to go to the Department of Transport when there has been a rate change in prospect. They have always done so. But, more recently there has been some doubt as to whether the department had jurisdiction there, because the private statute talks about going to the government if a rate increase was proposed. But, no reference was made to a decrease in the rate. I gather that the cable rates are going down, generally speaking, rather than up.

Q. Maybe I should rephrase my question, Mr. Chairman. Was there ever any exception taken to a rate by the Department of Transport, when it was submitted?—A. Mr. Martin I think would have to answer that. He is the Canadian manager.

Q. Maybe I should not interfere.

Mr. MARTIN: What was that question again, sir?

Mr. FOLLWELL: Perhaps you should leave it until a little later.

Mr. HAMILTON (*York West*): I understand there is competition in this line anyway, and if you raise your rates too high I assume there is another company to carry the necessary message.

The WITNESS: I think that would be so Mr. Hamilton, yes. We have no objection to competition and we will take our chances there.

By Mr. Carter:

Q. Mr. Chairman, either the statement is correct or it is not. The statement here does state that the cable rates must be approved. Is that statement right or wrong? I would like to know, must they have the approval, or not?—A. Perhaps in answer to the honourable member's question: at the time that this brief was written it was our understanding that they had to be approved. Since then Mr. Martin, in conversation with officers of the Department of Transport, has advised us that the department are of the opinion that they have no control over the rates, although it is a fact that the Commercial Cable Company have always submitted their rates to the department in advance and have obtained their general concurrence at least.

Q. Yes, but that does not make this statement correct.—A. That might stand subject to modification. But, there is provision in our charter, and if the honourable member requests, I will have somebody look at it while I continue, and I will come back to it, but I will certainly give the information.

Q. The minister challenged the accuracy of it, and that is all we are interested in. It is either accurate, inaccurate or doubtful. If it is doubtful, let us not say that it is accurate.—A. If it involves an increase in the rates control exists, and if it involves a decrease in the rates, it would appear as if the company does not have to go to the government for approval.

By Mr. Hamilton (York West):

Q. Is there a section in here covering the question of increases, Mr. Corlett? I have been looking through it here to see if I could find it.—A. Yes, to the best of my knowledge there is, Mr. Hamilton.

By Mr. Green:

Q. There is also one about decreasing, is there not?—A. The minister refers me to section 8: "The directors of the company may, from time to time, fix and regulate the charges to be made by the company in Canada for the sending and delivering of messages over its lines or cables: provided, that the present existing rates charged for messages from any point in Canada to any point in Great Britain or Ireland, shall not be increased by the company hereby incorporated, or by any company with which it may be connected, or with which it may be pooling its receipts, or to which it may be leased, unless such increase be first approved by the governor in council:—"

By Mr. Hamilton (York West):

Q. And from there on it deals with the rates in Canada, is that not right?—A. Yes: "Provided further, that the rate charged for the transmission of a message of 20 body words over the lines of the company between any two points in Canada, shall not be more than 25 cents, and that the charge for each body word beyond 20 in such message shall not be more than one cent." But, my understanding is that the company have never exercised the right that they had to build land lines, so presumably the last part would not have a direct application today.

Hon. Mr. MARLER: I think the committee should remember that in 1884 the rates were very high in contrast with those of the present time. They were very substantially higher. In other words the 1884 ceiling, which seems to exist, is a very high ceiling and has no relation to the present rates at all.

By Mr. Hamilton (York West):

Q. Is this ceiling set out here from line 35 to 40—that is, provided you did build lines here in Canada—is that high, or would that be considered as protection for the public now?—A. I would have to direct that question, Mr. Hamilton, to one of the technical men. I understand that the company has no intention of building land lines.

Q. I do not intend to question you here, but it has been raised by the minister as to the accuracy of your statement. The fact is that according to section 8 if there is an increase you have got to get permission from the governor in council?

Hon. Mr. MARLER: Increase over the 1884 rates.

Mr. CARTER: Which are comparatively high already. In other words this section has no meaning at the present time—no actual practical meaning.

Mr. FOLLWELL: Will we get information as to whether the present ceiling would be adequate?

By Mr. Hahn:

Q. Mr. Chairman, what is the present existing rate?—A. Either Mr. Martin or Mr. Henderson will be able to answer that.

Mr. MARTIN: Under the Canadian rate, from Canada to the United Kingdom it is 15 cents per word.

Mr. HAHN: So this would not come into effect until it got over 25 cents, and then you have to go to the governor in council?

Mr. MARTIN: May I answer this just at the moment, sir? In referring to the control of rates, we have always understood that under the Telegraphs Act, paragraphs 31 and 32 covered that. For example, 32 says "that the company may charge for the transmission of messages, and may demand and collect in advance such rates of payment therefor as are fixed by by-law of the company as its tariff rates and approved by the Transport Commissioners for Canada."

Hon. Mr. MARLER: Mr. Martin, you are suggesting the Telegraphs Act does override the special statute, are you not?

Mr. MARTIN: No.

Mr. CARTER: Then it has nothing to do with it.

Hon. Mr. MARLER: Mr. Chairman, I suggest that we should go on with the brief, and perhaps come back to the question.

Mr. NICHOLSON: Before we leave this rates part, the witness gave the rates from Canada to the United Kingdom. What about vice versa; could you give us those rates?

Mr. MARTIN: The rates are approximately the same. I believe it is a shilling per word, and at the present rate of exchange it would be approximately 15 cents per word.

Mr. HAMILTON (*York West*): In the latter part of the section it refers to 25 cents within Canada. What were the 1884 trans-Atlantic rates, do you know?

Mr. MARTIN: I am afraid I would have to go back and check that.

Mr. HAMILTON (*York West*): Check that for us.

It is to be noted particularly in sec. 3 of the charter that if the enumerated public statutes relating to marine cables and land telegraph lines, conflict with the powers granted by parliament, the powers granted in the private charter are to override these public acts. As a matter of interest these same two public statutes referred to in section 3 of the commercial cable charter were consolidated into what is now known as The Telegraphs Act in 1906 and have been carried down to the present time in practically the same language as appears in the present Telegraphs Act. Nevertheless, the plans and specifications of any new cable must be approved by the governor in council (lines 8 and 9 of Section 2 of the charter).

3. In other words, the Commercial Cable Company was and is already licensed by parliament to do what it has been doing for the last 72 years and there is adequate control of rates and where and how the cables will be laid, etc.

4. The Commercial Cable Company has been and is manned and managed in Canada entirely by Canadians. Mr. E. A. Martin of Montreal has spent a lifetime in its Canadian service and has been its manager for many years. He was born in Quebec city and distinguished himself in the last war heading Control and Telecommunications in and out of Canada.

5. No formality or difficulty was ever raised in the past when applications were made to land these cables and have outlets in Canada. In fact when an application was filed with the government of Canada to lay the 1923 cable, the company was officially advised by the Secretary of State that no order-in-council was necessary in order to permit the company to proceed under its

charter with this project. A letter of authorization from the Honourable Ernest Lapointe as Minister of Marine and Fisheries was all that was necessary. These applications were of course all made before the Commonwealth Agreements on Telecommunications.

Hon. Mr. MARLER: I take it that none of those cables that were referred to were coaxial cables?

Mr. KENNEDY: No.

The WITNESS: Mr. Kennedy says "no".

II. *Historic Background of Commonwealth Telecommunications Agreements*

1. The Canadian government through the Department of Transport or its predecessors sent delegates to all of these Commonwealth Conferences on Telecommunications and Canada was a signatory to these agreements. It is found, after thorough research, that none of these agreements were ever implemented by parliament in order to become law in Canada and thus be binding upon organizations doing business in Canada, except in the case of the 1928 agreement. The agreements in question were:

(a) Pacific Cables Act and schedules thereto attached including report of Imperial Wireless and Cable Conference 1928 (R.S.C. 1929 Ch. 50 which authorized the Canadian government to act only with relation to the Pacific Cable). This aside from the law, shows that parliament must implement any such agreement.

(b) The 1937 conference and agreement to resist the opening of new circuits. The word "resist" is not prohibit. The 1937 agreement was never implemented by parliament and it is doubtful if a copy can be obtained except from the Department of Transport files.

(c) Cable and Wireless Limited proposed transfer to public ownership, which is a "White Paper" based on Sir John Reith's Report of 1945 and presented by the Chancellor of the Exchequer to the British parliament in April, 1946. This has no effect in Canada but is the background leading up to the formation of the Canadian Overseas Telecommunications Company (C.O.T.C.) a crown corporation.

(d) The 1948 telecommunications agreement—This was not even tabled in the House of Commons and was not approved by parliament except so far as C.O.T.C. was set up. It was however immediately after this, in 1949, that C.O.T.C. was set up, and an abortive attempt was made by the Department of Transport to put Commercial Cable Company out of business in Newfoundland. Indeed the governor in council had gone so far as to pass an order in council to give authority for this.

Hon. Mr. MARLER: Mr. Chairman, I would like to interrupt at this point to deal with this statement that an abortive attempt was made by the Department of Transport to put Commercial Cable Company out of business in Newfoundland. The facts of the matter are that there was, before confederation, that is to say, before the union between Newfoundland and Canada—there was an agreement between the government of Newfoundland and the Commercial Cable Company, clause 5 of which provided that the government would hand over to the company, that is the Commercial Cable Company, at Port aux Basques and St. John's, all traffic destined to points outside of Newfoundland coming within the government's control, unless directed by the sender, via some other route. Now, when Newfoundland entered confederation, and the communication lines of Newfoundland were entrusted to the Canadian National Telegraphs for maintenance and operation, it was only natural then that the Canadian National Telegraph should object to any agreement which would

require it to transfer to the Commercial Cable Company all traffic originating in Newfoundland, destined to points outside of Newfoundland which, of course, included the mainland of Canada, and the Canadian National Telegraphs requested the department to cancel the agreement under a clause of the agreement which called for six months notice and so, pursuant to the terms of the agreement, that notice of cancellation was given, and, as I have indicated, it was done in order that Canadian National Telegraphs could carry out its operation of the telegraph lines in Newfoundland; and therefore I think this statement was an attempt that an attempt was made by the department to put the Commercial Cable Company out of business is entirely without foundation.

Mr. HAMILTON (*York West*): Could I ask the minister whether he would expect any difference in the attitude of Canadian Pacific Telegraphs if as a result of this legislation they had to deal only with government control?

Hon. Mr. MARLER: Are we talking of Bill No. 212? I do not really think it lends itself to that interpretation.

Mr. HAMILTON (*York West*): You do not see any comparison.

Mr. CARTER: May I ask the minister if the government of Newfoundland concurred in that solution?

Hon. Mr. MARLER: I am sorry, I cannot answer that question but I can obtain the information.

Mr. CARTER: What I am trying to get at is this: agreements existing at the time of confederation were covered by the terms of union. Was that cancellation in accordance with the terms of union?

Hon. Mr. MARLER: I assume it was, Mr. Carter, but unfortunately I cannot confirm or deny what you have just said.

The WITNESS: I think perhaps Mr. Henderson would be in a position to give an answer on that.

Mr. HENDERSON: I did not quite hear the question.

Mr. CARTER: My question was whether the cancellation was covered by the terms of union—or whether the terms of union were such that would not permit cancellation.

Mr. HENDERSON: I do not know, sir.

Mr. CARTER: I understand that agreements existing between Newfoundland and any other country at the time of confederation were validated by the terms of union. I am raising the question whether they could be cancelled just on the objection of the C.N.R., or whether that would be a violation of the terms of union.

Mr. HENDERSON: I do not know anything about those terms of union.

The WITNESS:

(e) The Bermuda Telecommunications Agreement of 1945 was not tabled or implemented by parliament and dealt only with radio circulits.

2. Only parliament can implement a treaty or agreement. There are many Supreme Court of Canada and privy council cases on this point if they are needed. The agreements are not apparently available in Canada. The only evidence apparently available to us in Canada on these agreements is to be found in a formal statement made by the superintendent of radio, Department of Transport, when the C.O.T.C. bill was before the House of Commons committee on November 8th, 1949. (minutes of proceedings and evidence, pages 11 to 14 inclusive). However, in particular, you are referred to the agreement of 1937 which in effect says—*Canada will resist new outlets or circuits for any*

new cables in, to or out of Canada to any private company and will proceed to control all communications in and out of Canada. The 1948 agreement was made just after the last war. Parliament was never asked to approve it, as was necessary, except so far as it was necessary to refer to these agreements in 1949 when C.O.T.C. was set up by federal legislation (1949, 2nd session, chapter 10). It is doubtful if the 1948 agreement under which C.O.T.C. was set up was ever printed in Canada let alone tabled.

3. Attached as Schedule "B" are pertinent questions and answers from Hansard, second session 1949, taken from pages (338-348), (397-402), (1033-1036), (2244-2249), dealing with this, in which the then Minister of Transport, the Honourable Lionel Chevrier, speaking for the government would appear to have assured parliament:

(a) that C.O.T.C. was just set up as a crown corporation to take over certain specified assets of Canadian Marconi Company at a specified price and to operate same. No wider or further powers have ever been given.

(b) It was not to be a monopoly and the continued operation of Commercial Gable Company and Western Union were specifically mentioned. By inference these specifically mentioned. By inference these private companies were not to be interfered with in any way by reason of C.O.T.C. being set up.

III. *Actions by Governement or Department of Transport from 1949 to date*

(1) C.O.T.C. was as stated set up in 1949 under Chapter 10, second session.

(2) Newfoundland came into confederation on 31st March, 1949.

(3) After confederation in 1949, the Department of Transport advised the Commercial Gable Company that they must get out of business in Newfoundland, giving six months' notice. (Letter attached as Exhibit "C").

Hon. Mr. MARLER: Do you really think that that letter attached bears out that statement?

The WITNESS: I think, Mr. Minister, it is true that the letter was put in merely as an indication of a trend. I concede the fact that the letter refers to what I think was known as a traffic agreement.

Hon. Mr. MARLER: I think it would be better if the brief stayed within the limits of the facts.

The WITNESS: Mr. Henderson might want to add something to that statement; perhaps he will do it later.

Mr. CARTER: May I ask one question at the point of anybody who can answer it. Did the Commercial Cable Company pay any royalties or fees to the Newfoundland government before confederation?

Mr. HENDERSON: Yes, they did—$20,000 per annum.

Mr. CARTER: Do you pay any fees or royalties now?

Mr. HENDERSON: We do not.

Mr. CARTER: You stopped paying royalties when the agreement was cancelled?

Mr. HENDERSON: That is right.

The WITNESS: *This was the first sign that Commercial Cable Company had of what has followed from then on, and would appear to be the first effort of the canadian government to implement the commonwealth agreements by indirect methods without parliament approving such agreements.*

IV. *Applications for new cable and outlets in Canada*

1. Back about 1950 the Commercial Cable Company realized it needed new cables of the improved coaxial design to take care of the greatly increased demands made upon its services. They reported their intentions to the canadian government officials in 1953. There were delays caused by extensive surveys, plans and specifications, arranging for cable ships, arranging the $25 million financing and by change of route requested by government and other matters so that it was not until September of 1954 that all the plans, maps, specifications, financial agreements, etc. were complete and filed with the canadian government in a well-prepared and complete application covering practically every detail. The Commercial Cable Company was to have twenty-four outlets in Canada available in this cable as needed over the years to come, to take care of the business from the Canadian Pacific Telegraph Company and clients of The Commercial Cable Company. These might not all be needed by The Commercial Cable Company for use in its Canadian business at first but will be made available as the needs of Canada expand or as requests are made by the government of Canada or C.O.T.C. for use of circuits. All such new business would be at rates controlled by the government of Canada,—so all Canada could suffer, would be better cable service. The proposed cable was to connect the shores of the United States, Nova Scotia, Newfoundland and eventually Great Britain.

A meeting was pressed for by the applicant. After a slight delay, namely on September 13th, 1954, a meeting was arranged to permit the Commercial Cable Company to officially explain and answer any questions on the application already filed. This was held at the board room in the Hunter building.

Some facts that throw light on the deductions herein made are set out:

At the meeting there were some sixteen men, four (4) delegates from the Department of Transport, four (4) from The Commercial Cable Company, one (1), who acted as secretary, from the privy council as the application was necessarily addressed to the governor-general in council. Among the others, *it is interesting to note that there were three (3) representatives from Canadian Overseas Telecommunications Corporation (C.O.T.C.), including its president, to whom nearly everything said was referred for his comment or approval. There was also a representative, a Lt. Col. Read, from the B.P.O.—Cable and Wireless (of Great Britain). C.O.T.C. and Cable and Wireless are direct competitors of The Commercial Cable Company and they were sitting in judgment upon this application.*

Mr. HAMILTON (*York West*): It sounds like the C.B.C.

The WITNESS: The Minister or Deputy Minister of Transport were not present.

The chairman was a new appointee to the job of Assistant Deputy Minister of Transport. He very fairly stated he knew nothing about the matter or about cables, and then, in almost the same breath, said words to the effect that The Commercial Cable Company could not make the application and do what they were asking to do. This was before any explanation or reading of the application had been made by the Commercial Cable Company representatives. It was a very abrupt and undiplomatic beginning and end, to say the least and showed the subsequent trend of events. Mr. Bowie, president of C.O.T.C. the crown corporation which is a competitor, undertook to look over the application and give the Department of Transport his opinion. Nothing further was decided at this meeting which was the only meeting ever held by the Department of Transport though the representatives of The Commercial Cable Company later saw C.O.T.C. at a technical meeting at the C.O.T.C. building in Montreal.

From the above and other facts, the natural deduction is that everything is run by the crown corporation. Further, that any information (confidential or otherwise) filed with the Minister of Transport under a Bill like 212 would go to the crown corporation just as all the vast correspondence regarding this application to date has apparently been given to this crown corporation or its directors.

After six months of argument, permission to land on the coast of Canada and pass the cable through was given;—*but the Commercial Cable Company was denied outlets in Canada* except such as might be requested by the Crown Corporation, C.O.T.C.

2. When the application for the new cable was made, The Commercial Cable Company stated therein that it would base one of its cable ships at Halifax, with an estimated annual expenditure in Halifax of about $800,000. This has been done and the S. S. John W. Mackay, a cable ship, is there now employing mostly Nova Scotians as a crew. In addition, if and when the cable starts, depending on outlets being granted, considerable capital expenditures will be made in building or laying the cable on land (Nova Scotia and Newfoundland). Also, it is estimated that annual expenses of the new cable stations in Nova Scotia or Newfoundland will be in the neighbourhood of $100,000 per annum. The financing of the cost of the cables has been arranged since early in 1954 and the capital standing by available. *Canada has been offered an interest in the cable but apparently does not want same.*

Hon. Mr. MARLER: Mr. Corlett, I wonder if you could substantiate that statement that Canada has been offered an interest in this cable company, because I have looked over the whole departmental file concerning this matter and I could see there no offer whatever of an interest in this cable company.

Mr. Gordon MACLAREN: You were good enough, I think, to give an appointment to myself, Mr. Kennedy and Mr. Martin and on that particular occasion I suggested it to you, and you said: "No, we don't want any part of it."

Hon. Mr. MARLER: I must admit I consider it a very strange way of offering us an interest in the cable company—that you should do it at an oral interview.

Mr. MACLAREN: I may be wrong, but I may have suggested it at former meetings which we have had with you, asking you if you wanted participation, but you have never come forward so we have never offered anything in writing. I admit it is not in writing.

By Mr. Hamilton (York West):

Q. This appendix E which is referred to—where does it originate?

The WITNESS: I have not got an appendix E.

Some hon. MEMBERS: Appendix D.

The WITNESS: That, Mr. Hamilton, is an official letter which we received from the minister as a result of the application of September 13, 1954. There was a letter from the minister dated February 9, 1955.

By Mr. Hamilton (York West):

Q. I may be confused, but exhibit D in my document seems to be—A. I am sorry. In one or two copies there was an addendum E attached, but in others it reads right through.

Q. It says the addendum attached is exhibit E. Where does it originate? You are on this point now.—A. The addendum.

Q. Yes.—A. I think perhaps it was an after-thought which came to our mind after the brief had been prepared.

By Mr. Johnston (Bow River):

Q. Are all these copies of the brief the same? I cannot find the statement in my brief.—A. We will have to accept the responsibility for that. The only main change after the brief was mimeographed was this argument which we put in in the form of an addendum and it would appear that some of the copies of the brief do not have that.

This may be in the best interests of the Canadian public and the general Canadian economy under the urgency of the present circumstances. However, the Nova Scotia taxpayer is backing his share of this government loan, even though Nova Scotia does not stand to benefit from the gas pipe line, and may even suffer further loss of markets for its coal in competing with this new source of gas fuel. Therefore, when another United States company that has been doing business in Canada, under charter or license directly from parliament, for 72 years, proposes to expand and improve its trans-Atlantic cable facilities to better serve the Canadian public and in doing so, bring considerable capital construction expenditures to Nova Scotia and Newfoundland, plus the basing of a cable ship at Halifax with an annual expenditure of close to one million dollars in these two provinces, it seems logical that the government of Canada should be most willing to approve of outlets or circuits in Canada from this proposed cable as already authorized by parliament. Especially when this expansion would be paid for entirely by the cable company without any loan or subsidy by the government of Canada.

By Mr. Habel:

Q. At this point, can you explain how you came to that conclusion: "Especially when this expansion would be paid for entirely by the cable company without any loan or subsidy by the government of Canada." Are you trying to infer that we are paying a subsidy to trans-Canada Pipe Lines?—A. No. I do not think that the word has any significance. Our understanding is that a loan had been made. We were endeavouring to point up here where greater facilities would be available to Canada and that this private group were willing and in a position to put up all the money themselves or through their backers.

Q. Why was the word "subsidy" used there?—A. I would be willing to withdraw the word "subsidy". There was no significance to it.

Q. It has a real significance there.—A. If you would prefer it, I would be willing to delete "subsidy" and refer to it only as a loan. I can assure you, for our purposes, we are not entering into the pipeline debate. Technically I see the point; it was a loan and not a subsidy. If you wish I am quite willing to delete the word "subsidy".

Mr. NICHOLSON: There was a subsidy in the interest rate.

By Mr. Carter:

Q. Mr. Chairman, while we are on this point, you mention an expenditure of close to $1 million for Newfoundland and Nova Scotia. How is that broken down as between Newfoundland and Nova Scotia? You mentioned $800,000 for Halifax for the ship and then there is the balance of $200,000 to be divided between the two provinces. Would that balance of $200,000 still be divided between Newfoundland and Nova Scotia?—A. Between the two provinces. Where it is necessary to maintain the cable ship at Halifax, it would be manned mostly by Canadians.

Q. So far as Newfoundland is concerned, it would not be more than $200,000?

Mr. G. F. MACLAREN: It will be roughtly $250,000.

The WITNESS: Why should the government refuse the Commercial Cable Company the right granted by Parliament to have outlets or circuits in Canada in its proposed new Trans-Atlantic cable?

The answers can only be either:

1. By the force of government authority or now by Bill 212, to indirectly try to put into force the Commonwealth Telecommunications Agreements, which have never been tabled or approved by parliament and which tend to, again, make Canada a colony as far as international telecommunictions go.

— OR —

2. Trying to justify the government action to date and the regulations contemplated under Bill 212, on the pretence of controlling cable rates, which the government bodies have always controlled and to which the cable companies have always submitted and must submit.

— OR —

3. As already stated to us by the minister, some of the regulations contemplated under Section 42 (c) of Bill 212 are to give the government the authority the minister admittedly has already exercised in denying to the Commercial Cable Company further outlets or circuits in Canada in this proposed cable. That is by means of this apparently innocent and innocuous looking Bill 212 to indirectly nullify the authority granted 72 years ago by parliament and to justify or acquire the authority already exercised in letter of February 9th, 1955 (See Exhibit "D").

— OR —

4. By regulations under Section 42 (c) of Bill 212 to deny private cable companies further new outlets or circuits in new cables which would provide better service for Canada, so that the crown corporation (C.O.T.C.) may prosper and eventually become a monopoly. In other words, to try and justify what may be a poor investment made in the crown corporation by indirect methods.

It is realized that no one can in the end win against the policy and authority of the government of Canada, no matter how legally right they may be, even with a charter from parliament. However, we feel we must at least lay before parliament, the highest court in Canada, the illegal infringements or annulments being made to the charter granted by parliament.

Hon. Mr. MARLER: Mr. Chairman, I would deny instantly that there have been infringements or annulments which were illegal; and I would ask the witness whether he really believes that parliament is a court. I do not think that parliament is a court in the ordinary sense of the word. I think we should deal more particularly with the question of the decision of the government later; but I think that I should object to the words "infringements or annulments" now.

By Mr. Johnston (Bow River):

Q. I am not a lawyer, but if the witness believes this is an illegal infringement or annulment which is being made, would he not be more proper in taking this to the court to decide whether or not it is legal; then if it is not legal of course you can then go ahead and do what you intend.—A. That is a fair question and I think I can give you a good answer. For reasons beyond our control up until only a few months ago, at the request of the United States government, this was a classified matter and we were not in a position to do anything. No publicity could be given to it, I think, at the request of the United States government until a few months ago.

By Mr. Nicholson:

Q. What is your authority for making that statement?—A. Mr. Henderson will be in a better position to tell you about that.

Mr. FOREST L. HENDERSON: The cable is partially used for defence purposes.

Mr. NICHOLSON: And you say they would not allow a Canadian corporation to present its problems?

Hon. Mr. MARLER: This is not a Canadian corporation.

Mr. NICHOLSON: It is incorporated under Canadian law?

Hon. Mr. MARLER: No, it is an American corporation with a status, under the 1884 statutes, in Canada.

Mr. JOHNSTON *(Bow River):* Would it be true that the government would not allow them to take it to the Canadian court because of that?

Hon. Mr. MARLER: No. The Canadian government has no objection whatever. If the Commercial Cable Corporation thinks it has a right of action let it go ahead.

Mr. SMALL: Can they sue the government without the government's consent?

Hon. Mr. MARLER: Do you know of a case where the government's consent has been refused?

Mr. HAMILTON *(York West):* I would say that this is the highest court in the land and I would disagree with the minister's statement that parliament is not the highest court.

Hon. Mr. MARLER: I suggest that there is this difference, that if the Commercial Cable Corporation believes it is entitled to obtain a licence under the law as it now stands, it may take action, and I take it that if the company is right the Supreme Court can order that the landing permit be granted under the act, and I am quite sure that parliament is not in a position to do that. I think that will bear examination. I am not attempting to enunciate any high principles of law, but I do not think that parliament is the highest court.

Mr. BELL: In that connection, I wonder if later on we will be having before us officials of the Department of Justice as witnesses because there are two or three very tricky legal problems involved here on which I feel we should have an explanation. For example, there is this question alluded to here on pages 3 and 4 with respect to the implementation of these treaties and agreements. It is coming up with respect to the Canada Shipping Act and I am extremely worried about our authority. Of course it was dealt with in the Senate, and I think we should have a legal opinion of it.

Hon. Mr. MARLER: If it is the wish of the committee, the solicitors could be called.

Mr. HAMILTON *(York West):* Will we have the officers of the crown owned corporation here?

Hon. Mr. MARLER: I have not asked them to come because I have my departmental officials here. However, if it is the wish of the committee to have the C.O.T.C. officials here, I will not object.

The WITNESS:

4. In other words:

(a) The Commonwealth agreements were apparently again being implemented in a round-about way without approval of parliament by denying new outlets in Canada as set out in said Commonwealth agreements.

(b) The direct authority given by parliament by charter to the Commercial Cable Company was being illegally denied after over seventy years in business in and across Canada.

5. In the meantime Canada's foreign business as a trading nation has increased and there have been and are impatient demands made to the Commercial Cable Company from the Pacific to the Atlantic to give their clients faster and better trans-Atlantic cable service, also demands for many direct lines to England and the continent for larger concerns to expedite the Canadian bids and sales on business done abroad, so that Canada can compete in world markets. These services were not available and Commercial Cable Company has refrained to date from telling its clients the reason they cannot be promised. These clients whether they like it or not will be forced to go to C.O.T.C. and the Imperial Cable System.

By Hon. Mr. Marler:

Q. Or Western Union.—A. Here I would not want to say anything.

Q. I think, when you say that they would be forced to go to C.O.T.C., it would be more exact to say they could also go to Western Union.—A. Perhaps for a short period of time.

Q. I think we are speaking of the present and should stick to facts rather than imagination?—A. It is a fact, in so far as trans-Atlantic services are concerned, that C.O.T.C., the crown company, is in competition with Commercial Cable Corporation. Western Union and Commercial Cable Corporation cannot improve their facilities, it seems to me, when its cables may play out. Western Union are in a peculiar position, but I am not authorized to speak for them. I can only conclude that eventually—and it might not be too long—that the two competitors will fall by the wayside and that C.O.T.C. will have the monopoly back although my information is that they do not actually own any trans-Atlantic cables themselves; they use Cables and Wireless cables which is a British company.

By Mr. Follwell:

Q. In that connection, if the cable played out, is this company at the present time permitted to put in a new cable of the same type and kind?—A. That raises a legal point. The charter mentions returns and other things, but whether or not this new cable must be designed the same as the old cable is a legal matter.

By Mr. Hosking:

Q. Are you suggesting that you would want to replace your new cables with a new coaxial cable?—A. Mr. Follwell wanted to know whether we would be in a position to replace existing cables.

Q. He also said with one of the same type.—A. Supposing today I have a 1910 model car—

Q. Does the act say that you may do that if you wish?—A. It says that you can renew, but must you renew with something that was done in 1884, 1905 or 1923.

Q. Were you not telling us a few minutes ago that if these cables were not different, C.O.T.C. would eventually end up with a monopoly? Would you still not have the same right to renew these cables and to keep on, and nobody could stop you?—A. That is what we tried to do in 1954 when we were told—it is true the minister said you can lay a cable, but you cannot have any outlets.

Q. Please make it perfectly clear; you said that you could not lay a cable, a new coaxial cable which is a different type of cable from that which you now have?—A. That is so.

Q. You could replace any one of those cables with the same type of cable and nobody could stop you. Isn't that in your charter?—A. I understand Mr. Martin's answer was that it would not be commercially feasible.

Q. Well, you are stating things to the committee that are not true.

Mr. SMALL: Would you want to replace it with something which was out of date?

Mr. HOSKING: When you try to deceive us, I do not like it!

Mr. BELL: There are certain statements made in the brief, and I think we should be fair about it. Mr. Carter made a statement a few minutes ago which bothered me, but I did not take exception to it at the time. These people have their brief, and there are certain allegations in it. Many of them border on very delicate legal points and if we want to argue them later, then all right, but I think we should accept them now. However, if there are definite mistakes of fact and if they can be proven, then that is another matter; but these things which depend upon the interpretation of existing law, and the interpretation of certain words in the statute are delicate legal subjects and we cannot say whether we are being misled or deceived.

Mr. HOSKING: What I was taking objection to was that the C.O.T.C. would end up with a monopoly when its original charter gives it the right to replace these cables with similar cables for all time. I am an engineer and I cannot understand what he is trying to say.

Mr. BELL: You can understand that if the Canadian National Railways operate diesels from Montreal to Toronto and if the Canadian Pacific Railway has the right to replace only their steam engines, the C.N.R. will eventually have a monopoly because the C.P.R. will be eventually run out of business.

Mr. HOSKING: But his charter says that he can replace them.

Mr. BELL: I think we need to have expert advice on that point.

Hon. Mr. MARLER: I think that is really a legal question and I do not think that the witness, Mr. Corlett, should be asked to try to dispose of that question at this point.

By Mr. Follwell:

Q. It was I who asked the question in the first place in order to get the discussion going, and for the purpose of clarifying whether or not the Department of Transport was opposed to this company renewing cables they now have or laying down new cables of the same kind, and to find out whether or not it would be economically sound to do it. The witness said it would not be economically sound, and that they would have to go out of business.—A. That is correct. When Mr. Henderson speaks he will be able to satisfy Mr. Hosking as to why he would not renew the type of cable that was laid in 1884. I can assure Mr. Hosking that we have no desire whatsoever to deceive a committee of parliament.

By Mr. Johnston (Bow River):

Q. The question of replacing a cable is a legal one. Have you ever tried to get an interpretation of it from the courts? It seems to me that if a court gave you an interpretation that you could replace it with a modern cable, then all your difficulty is over except for the landings; and you have that now, and that would naturally go on.—A. Parliament could quite properly amend the Telegraph Act at the next session of parliament, but we have not proceeded

that far. I do not think the company officials thought for one minute that approval would be given for this cable. It was only a little over a year ago that we were denied that right in so far as having outlets in Canada was concerned. The matter was classified at the request of the United States government, and we became aware that the government quite properly wanted to introduce a public bill—Bill 212—so it was our feeling that at least if we did not give our opinions now, then there was nothing we could perhaps do about it in the immediate future.

6. The Minister of Transport, the hon. Mr. Marler, has been very straightforward and outspoken to the Commercial Cable Company and its representatives in interviews with him.

(a) He has as recently as Tuesday, May 1st, 1956 admitted that he has never even seen or read this application for a new cable filed with the Government of Canada and the Department of Transport in September, 1954. Yet he refused this application for outlets which is what is needed by the Commercial Cable Company to stay in business in Canada. He further stated he was not familiar with the Commonwealth Agreements on Telecommunications.

(b) Mr. Marler has admitted it is the intention of his government to deny further outlets or circuits in cables to private companies operating in Canada,—so that C.O.T.C., the crown corporation, may prosper and justify the expenditure the Government has made in C.O.T.C. He gave other examples of such a monopoly policy by mentioning other crown corporations such as T.C.A., C.B.C., Polymer and others.

(c) Mr. Marler has admitted verbally that Bill 212 is to give the government the power to control outlets to the benefit of C.O.T.C. and to justify and make legal the restriction on the Commercial Cable Company of no further outlets in a cable,—(whereas parliament, by special charter, has granted such a right).

Hon. Mr. MARLER: Mr. Corlett, I think you have put a very liberal interpretation on what I said!

The WITNESS: A recent application of the principle of co-existence between a crown company and a private competitor can be illustrated by referring to the development of transportation facilities into the new Manitouadge mining area in northern Ontario. In 1954 the Canadian National Railways obtained a statute of the parliament of Canada enabling it to build a branch line into this mining area. At or about the same time the Canadian Pacific Railway, acting under its statutory powers, constructed a branch line into the same mining area. In so far as we are aware no effort was made by the government railway to deny the C.P.R. the right to build this branch line. We can only conclude from this that parliament felt that it was in the public interest that competition should be maintained notwithstanding the fact that one of the competitors was a government-owned railway.

Also about the same time a dispute over rates developed between the Canadian National Railways and Steep Rock Iron Mines Limited. This mining company must rely upon the Canadian National Railways only for the transportation of its iron ore to Port Arthur. It appeared that this dispute was only resolved after a serious threat had been made to construct a railway line into the Steep Rock district by a competitor company. This again demonstrates in our opinion the public adavantage to be derived from competition.

Statement

1. It is thought that the Department of Transport should admit the facts set out above. They are self-evident and supported by documents, history, common knowledge, the law, actual statements from officials of the Department of Transport or logical deductions based on these proven facts or statements. The Commercial Cable Company had or has nothing to hold back. Seeing the opposition it had run into in 1954 when applying for approval of the plans for the new cable, it gave to the Department of Transport a thorough brief on the law showing why the Commercial Cable Company should be granted permission for a new cable and outlets in Canada. It is understood and has actually been stated by an official of the Department of Transport that the department realized it did not have the authority to refuse the outlets to the Commercial Cable Company or to force any such outlets to be given only to the crown corporation —and that therefore Bill 212 was introduced to give the government that authority.

Hon. Mr. MARLER: Mr. Corlett, I have been unable to find any official who said any such thing as that. All I can say is that it is not an authoritative statement.

The WITNESS:

2. In other words, Bill 212, especially the rules and regulations contemplated and Section 42(c) in particular, is specifically aimed at making legal what the government has done and is doing in controlling all outlets in cables in and out of Canada for the benefit of the crown corporation C.O.T.C., and to implement the Commonwealth Agreements which are not law in Canada. The result will be that all business in and out of Canada will eventually go by C.O.T.C. and the imperial cable system around the world, such as it may be, even if it is not the quickest and best service for Canadian business. This is all pursuant to the Commonwealth Agreements as indicated which may be morally binding on Canada, or law in Canada as they have not been implemented by parliament. It is suggested that all this is being done under the guise of the necessity of licensing. The Commercial Cable Company does not object to being licensed again, if it has to be, but not with the restrictions intended or possible under the rules and regulations which would indirectly soon put it out of business in Canada after 72 years of service to Canadians. Hence these objections.

3. England has no such cable-landing license law as yet and legislation in the United States is not so broad and has not even been enforrced in recent cases and they have no crown corporation like C.O.T.C. to sponsor. Cable & Wireless Ltd. part of the Commonwealth system but owned by Great Britain has landed and is operating cables with outlets in Puerto Rico and the Virgin Islands without any license under the United States law. These places are deemed part of continental United States. At any rate, Commercial Cable Company is already licensed by special act of parliament and should not need a new license which new license as intended will eventually put it out of business by strangulation.

By Mr. Nesbitt:

Q. On several occasions throughout the brief it has been mentioned: ". . . . . even if it is not the quickest and best service for Canadian business". Would the witness please explain it to us.—A. I think Mr. Martin would be in a better position to give you the information you require.

Mr. E. A. MARTIN (Manager, Commercial Cable Co.): Yes. No one communication system can give the best service to all parts of the world. For example, we have certain facilities with our own cables in certain directions. We maintain our own offices in certain countries. On the other hand, C.O.T.C.

in many cases connects with certain other places abroad and gives a better service in those instances. If you had only one company, let us say, Commercial Cable Company alone, you could not give the best service that is required in Canada. Does that answer your question?

Mr. NESBITT: No.

Mr. MARTIN: For example, let us take Italy. We maintain a cable service to Italy which is connected with the Italian state cable. For sentimental reasons it would be much further to go via London. We maintain the only cable office in Rotterdam. We maintain a cable to central and South America, and another example would be Vancouver; if you want to communicate with Japan, our route would be via San Francisco to Tokio; but if you sent it via C.O.T.C., the route would be Vancouver, Montreal, London and back around the world. The rates would be the same, but it would mean a slowing down of the service.

Mr. CARTER: How much difference would there be in the speed of the service? For example, if two messages were sent from Vancouver to Tokio, and one was sent via your company and one was sent via C.O.T.C., how much sooner would your message get there?

Mr. MARTIN: It would get there sooner.

Mr. CARTER: How much sooner?

Mr. MARTIN: 15 minutes or an hour; and in some cases it has been as much as two hours; and the same thing applies to central and South America. C.O.T.C. might take an hour and a half and more; but if you are in Vancouver and want to communicate with Australia, the fastest way would be to use C.O.T.C. with their Pacific cable; and the same would apply to the West Indies. I would be the first one to admit that they gave the best service to the West Indies. But if you take all countries combined, if Canada has the services of three companies that would mean the best possible sevice available for Canada to transact business.

Mr. NESBITT: I take it from that that occasionally there is a large number of messages piled up and sometimes an alternative or more devious route is used to send those messages?

Mr. MARTIN: That is right.

The CHAIRMAN: Please carry on.

By Mr. Carter:

Q. May I ask a question? You inferred earlier in your brief—I do not know the exact page now,—but you inferred that your cable runs from England to Newfoundland?—A. Yes.

Q. You have other cables running to other parts of the world.—A. In other parts of the world, yes.

Q. From England to other European countries?—A. Yes, from England to other European countries, but Mr. Martin could answer that question better.

Q. If you were building this new cable, this coaxial cable, you would run it along the Atlantic bed?—A. Yes, via Newfoundland and Nova Scotia and on down to some point in the New England states.

Q. It would be somewhat parallel to the one you have now?—A. That is correct.

Mr. MARTIN: The route would be a little north of the present cable.

Mr. CARTER: One end would be in England?

Mr. MARTIN: That is right.

Mr. CARTER: Have you applied in England for a landing licence? Have you any authority to land on the English side?

Mr. MARTIN: We are presently negotiating with the British authorities.

Mr CARTER: How long have you been negotiating with them?

Mr. MARTIN: A little over a year.

Mr. CAVERS: You have not come to any agreement with them yet?

Mr. MARTIN: Not as yet.

Mr. CARTER: What would be the objection? Do they not have something which is an obstacle and which you would have to overcome?

Mr. MARTIN: The difference between the situation in England and here in Canada is that in Canada we have a charter and in England we do not.

Mr. CAVERS: What has the British government said to you in answer to your request to land on British soil?

Mr. HENDERSON: I believe they have not given their assent.

Mr. CAVERS: They just have not given any answer, or have they given you an answer for or opposed to the landing?

Mr. MARTIN: Yes and no. I cannot be definite one way or the other. I would say we do not have a turn-down.

Mr. CAVERS: You do not have a turn-down yet.

Mr. CARTER: Have you negotiated with any other country in respect to landing rights for your coaxial cable?

Mr. MACLAREN: I cannot see how anything that is outside of Canada has a bearing on this. We have been given permission to put a cable through Canada. Our one problem here is in respect to having circuits in Canada to which the C.P.R. will connect.

We are not objecting to the fact that the government has given us permission to build a cable, it has already granted that. What we are objecting to is: when our cable goes through Canada we want to have holes there so the C.P.R., or Maritime Tel. and Tel. or C.O.T.C. or somebody else could tie into it.

Mr. CARTER: I would like to follow that, Mr. Chairman, if I may. If these were granted to you, would that be any good to you if you did not have landing rights in England or some other country?

Mr. MARTIN: We would have to connect with somewhere, definitely. But, that has nothing to do with this application.

Mr. CAVERS: Mr. Chairman, I think this has regard to the fact that there are commonwealth agreements in existence. Then, does that not put us in this position, that we should know whether, at the other end of this line, you have acquired the right to place your holes, as you say?

Mr. MARTIN: There are no commonwealth agreements in existence. They have never been approved by parliament. So, all they are are pieces of paper that have been signed by somebody. That is the point we are trying to get across.

Mr. CAVERS: That is a question of interpretation, I think, as to whether that agreement is in effect.

Mr. MACLAREN: In connection with the Canada Shipping Act, lawyers from the Department of Justice have been up there and dealt with all those problems. There is no question that it has been dealt with very thoroughly by the officers of the Department of Justice and this Canada Shipping Act bill, which you are going to deal with, was dealt with there. And it is said that the agreement Canada entered into had to be approved. We had to make an amendment to the bill for that purpose. There is lots of precedent for that. The very fact that they had to approve in 1929 the Commonwealth Telecommunications Agreement in part, proves that the whole of them have to be approved now. There is no question about it at all.

Hon. Mr. MARLER: Mr. Chairman, while that may be so, the fact does remain that this cable is going from one place to another. I think that the committee is entitled to know what has been the position with regard to the cable at the other points at which it is to run. One of those points that has been mentioned is the United Kingdom. Mr. Henderson has told us that he has received no definite refusal from the government of the United Kingdom. But, those are not the only places to which the cables goes, according to the application. Perhaps Mr. Henderson might tell us what has been the attitude of the government of the other two countries that are concerned.

Mr. HENDERSON: The route of this cable is supposed to be via Greenland and Iceland. We have talked with both the Icelandic and Danish governments with respect to landing the cables at those point. I might say that the reaction is favourable. We have not made any approach except the initial approach. We do not intend to negotiate with them further until we have finished negotiating with Canada, and the United Kingdom. We do not anticipate any difficulty with Greenland or Iceland.

Mr. JOHNSTON (*Bow River*): But you are having difficulty, are you in Britain?

Mr. HENDERSON: Yes, but we have not given up, sir.

Mr. HAMILTON (*York West*): What effect would that have, right or wrong, in this particular incident, whether they have a place to drop their messages after they have put them on the line?

Hon. Mr MARLER: I suppose they want to have something at the other end of the cable.

Mr. HAMILTON (*York West*): That seems to me to be a very facetious answer, sir, because what we are dealing with here is a problem of a specific bill, and a specific right. If this submission is proper, it seems to me that, in fact, it might eventually end up that it will be turned down by the United Kingdom; but it does not seem to me to affect the judgment that we have got to give here.

Mr. CARTER: I agree with what my friend has said. But, Mr. Chairman one reason why I asked that question was because this whole brief seemed to me to have contained a lot of suppositions—a lot of suppositions, and some statements which have not been substantiated. It seems to me to be sort of an attempt to mislead this commitee. Now, I cannot see what significance the statement has. I am not interested in whether England has a cable line licence law or not. I do not see how that affects our judgment at all. But, it was brought in to affect our judgment in some way.

Mr. HAMILTON (*York West*): There is only one intention that might be indicated, and that is since there is a tie-up of some kind with this whole cable and wireless arrangement, that this is only one part in the plan to stop this particular deal, and to ensure not only a monopoly here, but one in the United Kingdom as well.

Mr. HENDERSON: Mr. Chairman, may I make a statement, please? We have considered the possibility of taking action in the event that we do not get consent in the United Kingdom. We are considering Germany as a landing point, or other places. We have actually had some conversations with Germany. So, there are other possibilities other than the United Kingdom if it does not give us consent.

Mr. NICHOLSON: Mr. Chairman, in regard to the United Kingdom, I wonder if the witness could tell us: since public ownership of the cable was carried out back in 1946, have they granted permission to any companies to land there since that time?

Mr. HENDERSON: Sir, I did not get the first part of that question.

Mr. NICHOLSON: I think in 1946 the cable was taken over under public ownership, as I recall it, in the United Kingdom. What has been the attitude of the British government since that time, since 1946?

Mr. HENDERSON: There has been no change.

Mr. NICHOLSON: Has there been any case, since 1946, where an application such as you are now pressing has been considered?

Mr. HENDERSON: No, sir.

By Mr. Follwell:

Q. Mr. Chairman, is it not true that the Commercial Cable Company, who are proposing to lay down the cable, would probably want to be sure that they were going to have outlets before they started to lay the cable? I would agree with them that they should come here first. I think the committee is a bit misled in regard to whether we decide whether or not this government permit them to lay the cable. I think the minister has already said that they have no objection to their laying a cable, and agree to the laying of a cable, but apparently there is objection to their having these circuits, or outlets. For the life of me, I cannot see what good laying a cable would be to them if they have not got permission to do business. Now, I think that is the presentation, is it not?—A. That is true, Mr. Follwell. I would say that aside from any question of law, the fact is that the Commercial Cable Company was given the right to operate in Canada 72 years ago, and they have been doing so ever since. They are in competition with a crown company that has come into existence in more recent times. That is a matter of government policy; nobody can quarrel with that. It might be that it gives the Commercial Cable Company more competition. Then, there is the Western Union.

The company now says we have this right, or we thought we had this right conferred by statute by the parliament of Canada. When we attempted to exercise this right under an application made to the department in 1954, in so far as Canadian outlets are concerned, the application is rejected. Where does that leave the company?

Q. Am I right in assuming this—and this might be of interest to the committee—that what you require for this coaxial cable is the right to have more outlets or circuits than you have at the present time? Is that not the sum and substance of your presentation?—A. That is right, sir.

Q. You are not complaining about what you have, but that you must secure outlets so you can do business; and there is no use going to Britain and saying, "Can we lay down a cable", because you have no business to do it under?—A. That is right.

By Mr. Nesbitt:

Q. Mr. Chairman, there has been a great deal of discussion on this question so far. Does the government intend to refuse further outlets to this company? We have been going on what has been alleged in the report, but I think we might be a little further ahead if we got an answer to that. Does the government intend to refuse these outlets?

Hon. Mr. MARLER: Mr. Chairman, so far as the Commercial Cable Company is concerned, the brief contains a letter which I wrote to Mr. Maclaren in that connection, and I think the terms of that letter are perfectly clear. I think, though, that before I try to deal with the thing more fully, perhaps Mr. Corlett might finish reading his brief, and we might hear any other presentations that might be made; and then I will try to convince the members of this committee that they should adopt this bill. I will be very glad to answer any questions that the committee has to ask in connection with it.

By Mr. Hosking:

Q. There are some things I cannot understand about this. It says, "England has no such cable landing licence laws as yet". If they have not anything like we have, what has the company been negotiating over for a year, and why do they introduce this extraneous subject into this brief in order to confuse us, or whatever it is there for? England, evidently, has some means of controlling outlets there, as we have been told they have been negotiating for a year. But, when you read this, "England has no such cable landing licence law as yet" it would make Canada look as though we had done something that is very detrimental, and that no other country has done. And then, if you go on: "—and legislation in the United States is not so broad and has not even been enforced in recent cases—". Why is this brought into the brief? Is it there to confuse us, or is it there to give us information, or what is it there for?—A. Mr. Chairman, if I might answer Mr. Hosking. We were motivated entirely with a desire to provide the maximum of information for the committee, in advance.

Q. Yes. But when we ask you now what England has got that is preventing you from having an outlet there and that you have been negotiating with for over a year, you do not tell us anything. They have got something that is preventing you, but you tell us that they have not got what we have, and you say you cannot put an outlet there; but you have been negotiating for a year. To me the whole thing seems to be predicated on the fact that we really do not know anything about it, or we will not understand it anyway, or that we are worse than some other country.—A. Mr. Chairman, when this was prepared, which was, of course, some while ago—Bill No. 212, I believe, received its first reading about April 12 but it was on the order paper for some considerable time—our only desire was to show that apparently they have no cable landing license law in the United Kingdom; and we also endeavoured to show that although the United States has such a law they have permitted Cable and Wireless to land in certain of their continental territories. Our only desire is to give full information but I think, Mr. Chairman, Mr. Hoskings question will be cleared up by reference to what the minister said on July 3 on page 5621 of Hansard when he dealt with this matter, perhaps, in a much fuller manner. The minister said on that occasion in reply to a statement made by the hon. member for Vancouver Quadra (Mr. H. C. Green) with regard to legislation in the United Kingdom:

> My information on that subject is that in the United Kingdom, under the Telegraphs Act, the Postmaster General is empowered to grant written licenses on such pecuniary or other terms as he may deem proper, either generally or in any individual case to any company, person or body to transmit telegrams. My understanding is that at the present time there are no licences in force for the cables from Canada to the United Kingdom and that they are, if you like, so to speak on the sufferance of the Postmaster General.

Now I would concede immediately that the reference to the "sufferance of the Postmaster General" perhaps more adequately expresses the matter than we did.

Q. Is not the position much worse, then, in England than our cable landing licensing law?—A. That question I suppose may be related to the fact that the governor in council here may make regulations to do such and such. He has discretionary power. What is the difference between the governor in council being able to do such and such, and the Postmaster General of the United Kingdom acting on sufferance? The standard as to what either must do is perhaps not entirely defined. Certainly in our case, under the statute, we do not quarrel with the necessity of the government having to have regulatory powers and exercising them through the governor in council.

Q. You do not quarrel with our having regulatory powers to regulate these things?—A. Mr. Chairman, in answer to Mr. Hosking, I would say, in principle: no. But then we have been subject to regulations ever since the inception of the act. The predecessor of the Telegraphs Act existed when the Commercial Cable Company was incorporated in 1884, and did much the same thing. If you will look into the 1875 statute dealing with marine electric telegraphs you will find that the scheme is pretty much the same as it is here. Regulation is not new.

Q. Then you have no objection to that.

By Mr. Nicholson:

Q. I notice that on page six of the brief there is a reference to the presence of Lieutenant Colonel Read of the B.P.O. at a meeting with the department. I gather that refers to the British Post Office and I wonder if the witness could give some information as to whether or not the British Post Office would be considered as a crown corporation in the United Kingdom?—A. Mr. Chairman, in answer to that question, the British post office is referred to, and I presume that either by ownership or by direction by statute they are entrusted with the administration of Cable and Wireless Limited which I believe, is now wholly owned by the British government.

Mr. HAHN: On a point of order, Mr. Chairman, we decided earlier, I believe, that we should hear the reading of the brief but apparently we have changed our mind with regard to this. It is now 5.30 p.m. and there is sufficient time for the witness to complete the reading of this brief before 6 o'clock, which would give us the opportunity of studying it—

I think that would be a wise course.

The WITNESS: (1) No satisfactory clear reason for the government's decision and policy in this matter has ever been given by the government. It is realized a government does not have to give reasons for its policy; but it puts a company like The Commercial Cable Company in a very unfair position if no clear cut reason for denying what parliament granted is given by the Minister of transport or the department. The Commercial Cable Company has always understood and still believes that the rates it charges have to be approved by the Department of Transport. This was stated to the Department of Transport on the filing of the application for a new cable in 1954 and has been mentioned many times since. Along with other carriers it has, over the years, always attended and submitted alterations in rates at joint meetings arranged and held by the Department of Transport or its predecessor. It was only recently stated by the Department of Transport officials that one of the matters of concern to the Department of Transport was that with 24 possible new outlets available in Canada in the proposed new cable that The Commercial Cable Company might cut rates to get business to the detriment of C.O.T.C. If this is one of the reasons for the government's refusal of any new outlets in cables, why was it not made clear, and an undertaking to confirm the long established practice of The Department of Transport approving rates would have been given by The Commercial Cable Company as it will be given now. If this is the only reason for Bill No. 212 The Commercial Cable Company has no objection to rates being controlled as long as they are exactly the same for all cable companies without any fringe benefits to other companies whether Crown Corporations or otherwise.

The Commercial Cable Company is not averse to being further licensed, if necessary, as long as the license fees or other regulations made are not prohibitive. It is pointed out that a large license fee is only a book-keeping entry from one pocket to another as far as the Crown Corporation, C.O.T.C. is concerned. The Commercial Cable Company does not object to being further licensed in any way as long as the wide powers given by section 42(c) of Bill

No. 212 could not be abused to prohibit its operations such as having further outlets in Canada in its new cable and as authorized by its charter from parliament. *It is suggested that an independent body or commission like The Board of Transport Commissioners, divorced from the Department of Transport or the natural influence of a crown corporation should be given these powers to license and control cable companies and the rates charged by cable companies.* For example, under the Railway Act, the Board of Transport Commissioners has been given express jurisdiction relating to control over tolls and rates to be charged by international bridges (1929). It also possesses similar controls with reference to express tolls and telegraph and telephone tolls.

(2) The Commercial Cable Company should be specifically excluded from the operations of Bill No. 212 and should be entitled to outlets in Canada in the new proposed cable as requested and as parliament set out in the old charter —or—Bill No. 212 should be redrafted to give the Board of Transport Commissioners jurisdiction over rates and also outlets in new cables if the latter is deemed necessary. Otherwise, the action of the Canadian government would be worse than that of the government of the state of Maryland and other states where legislation was passed or contemplated refusing Carling Breweries a subsidiary of a Canadian company, from doing business or expanding its business in that part of the United States. Fortunately, that legislation was vetoed in the United States. All that is asked is for justice and fair play, or at least let this old established private company know what it is to do from here on, by making a clear statement approved by parliament either that they may as well get out of business in Canada because they cannot expand, compete or improve their services; or that Canada is to have competition and better service for its people and world trade. A quality product at a bargain price cannot happen in a monopolistic or *state*-controlled industry—whereas—where industry and commerce is free to compete, we can always look for new achievements and new gains for the customer.

VII. *To Summarize*:

It is a well-known fact that communications are the lifeline of international trade.

In the development of its international trade throughout the world, Canada needs and should have all the facilities that can be made available; no one communication company is in a position to give the best service to all countries of the world.

The Commercial Cable Company has been providing service to the Canadian public since 1884. Its facilities are no longer adequate to meet increasing demands by the Canadian public for more direct and better service. The company is prepared to provide the necessary additional outlets but the Canadian government will not permit it to do so. Here is a better service to Canada that is being offered without the governement having to loan a cent of capital (like they have to do for Trans-Canada Pipe Lines). Canada has, or will be given if necessary control over the rates for cable messages. All that is asked for is outlets in Canada to service the Canadian public. This to date the government has refused. The regulations under Bill No. 212 are designed to give the government authority to make legal this refusal, countrary to the charter granted by parliament.

The ultimate result of the government's refusal to allow The Commercial Cable Company to have outlets in Canada, out of its proposed new cable, for the purpose of replacing obsolete equipment and opening new circuits to meet demands for better service, will be a C.O.T.C. monopoly.

What would a C.O.T.C. monopoly mean to Canada:

(1) Canada's position in the field of international communications would be relegated to that of colonial status.

(2) The Canadian public and diplomatic missions could no longer choose the route they prefer and best suited for their needs.

(3) In effect, the government would be giving notice to all countries of the world that, while Canada wishes to do business with them, they can no longer choose the route they wish when communicating with Canada; rather, they must transmit their messages in such a way as to be received in Canada by C.O.T.C., even though, in many cases, this might mean routing traffic around the world with resultant heavy delays.

(4) In any event we are advised C.O.T.C.'s facilities alone would definitely not be adequate to take care of the needs of Canada's international communications.

(5) It is possible that, during a national emergency, C.O.T.C.'s link through the British Post Office, London, might be interrupted. With no alternate outlets, Canada would then be virtually cut off from cable communications with most countries of the world at a time when it requires all the facilities it can muster.

Dated at Ottawa, Thursday, the 10th of May, A.D. 1956.

Respectfully submitted,

G. F. MACLAREN,
M. E. CORLETT,
Counsels for the
Commercial Cable Company.

Mr. NIXON: Mr. Chairman, I move that we adjourn.

The CHAIRMAN: Are there any other representations?

Mr. NICHOLSON: There was a motion that we adjourn.

The CHAIRMAN: It was not carried. The motion is that we adjourn. What is the pleasure of the committee?

Mr. CAVERS: Mr. Chairman, this gentleman, Mr. Henderson, will be only five minutes and I think we might hear him.

Mr. Forest L. Henderson, Executive Vice-President of the Commercial Cable Corporation, called:

The WITNESS:

Mr. Chairman and Honourable members of the committee;

My name is Forest L. Henderson. I am Executive Vice-President of the Commercial Cable Company and in the absence of our president who is in Europe at this time, I am appearing before your committee for our company with reference to Bill 212.

First, I wish to endorse the statement heretofor made in our behalf by Mr. Murray Corlett and my statement is merely to implement his statement with reference to a few points.

The question before this committee and your parliament, as far as our company is concerned, is the desirability or necessity for the passage of Bill 212. Bill 212 requires a licence to be issued to submarine cable companies. As Mr. Corlett has pointed out, the Commercial Cable Company already has a licence granted by parliament in 1884 under which the company has been

operating all these years. The question arises then, why should the Commercial Cable Company be required to seek another licence from the Department of Transport. I know of no better way to attempt to answer that question than to address myself to the statements of the Minister of Transport in the debate in the House of Commons on July 3, 1956.

The Minister of Transport calls attention to the fact that 75 years have elapsed since the Telegraphs Act was first enacted by parliament and that it is time for a change because of the way in which improvements in the general field of communications have developed. In my opinion, the fact that the Telegraphs Act has been in effect all these many years without serious objection by anyone is fairly good proof that it is a good law. I would like to add here that many revolutionary changes and improvements have been made in submarine cable transmission and operation during these 75 years. The first trans-Atlantic cable only worked at a speed of 3 words per minute, whereas present day cables—and I am not referring to coaxial cables—operate at speeds of between 150 and 300 words per minute. However, none of the Minister of Transport's predecessors found it necessary to change the Telegraphs Act or the provisions of the company's 1884 charter. I want to emphasize and call your attention to article 11 of the company's 1884 charter which reads—"The company may use any or all of their submarine cables or landlines either as telegraphic or telephonic cables or lines or both". We therefore have definite proof that the government officials and members of parliament and the officers of the company foresaw revolutionary changes in submarine cable transmission and operation in 1884 and made provision in the company's charter for submarine telegraph and telephone cable operation. The Commercial Cable Company has had the right and still has the right under its 1884 charter to lay a new cable of large capacity and use it for telegraph or telephone or both. The company now operates 9½ duplex channels across the Atlantic to handle all of its traffic between Canada and the U.S.A. on the one hand and Europe, Middle East Africa and Asia on the other hand. Because of the increasing volume of Canadian traffic the company is obliged to route some of its Canadian traffic each day through New York, and therefore our company has need today for a minimum of 24 additional channels terminating in Canada to handle the present demand for customer telex service, leased circuits to companies and the increase in message traffic. How does the Minister of Transport propose to handle this situation? He now calls attention to the new telephone cable which the officials of your government and our company foresaw 75 years ago and says that it has a capacity of at least 800 telegraph circuits at 60 words per minute each and the Telegraphs Act should be amended to meet this situation. Now, as you know, this new telephone cable is jointly owned by the C.O.T.C., a crown corporation, British Post Office and the American Telephone and Telegraph. It is nothing new as both the British Post Office and the American Telephone and Telegraph have been working on the plans for this cable since 1928.

The Commercial Cable Company, in order to take care of the increasing demands for message traffic and leased channels for private business use, applied to the governor-in-council as provided in its 1884 charter for approval of its plans to land a modern coaxial cable with a capacity of 120 channels on September 13, 1954. What did the Minister of Transport do with our application? He told us we could use the cable for defence purposes but for commercial purposes we could only lease circuits to the Canadian Overseas Telecommunications Corporation, a crown corporation controlled by him and a joint owner in a modern coaxial cable with a capacity as stated by the Minister of Transport of at least 800 channels. Bear in mind that our application only requested permission for the termination of 24 channels in Canada and he says we need to be controlled.

Now let me deal with the question of monopoly for a few moments by pointing out these facts:

1. The C.O.T.C. has joint ownership in 800 telegraph channels plus its present capacity of both cable and radio. Our 9½ channels are insufficient and he denies our request for 24 additional to be used as needed.

2. The Minister of Transport in debate stated that he had a feeling that it would be desirable if all telegraph business in Canada were routed to the cable heads in Canada over facilities located in Canada and owned and operated by Canadians. We are glad to say that this is so as far as Commercial Cable Company is concerned.

3. The Western Union, we believe, operates in Canada and owns facilities in Canada somewhat the same as the Commercial Cable Company and in addition, has a traffic agreement with the Canadian National Telegraphs which is government-owned.

4. It is also a well known fact that submarine cables over 70 years of age soon become uneconomical to maintain and operate. Both the Commercial Cable Company and the Western Union have several cables over 70 years of age.

QUESTION: What happens when—

1. our cables become too old to keep in operation;

2. the Western Union traffic agreement expires with CNR;

3. Commercial Cable Company already has been denied any increase in its facilities; and

4. The crown corporation C.O.T.C. is permitted unlimited expansion in addition to joint ownership in a cable with a capacity of 800 telegraph channels.

ANSWER: Obviously a monopoly by C.O.T.C. and the elimination of competing cable companies.

I would like to call the attention of this committee to the fact that in the radio field, single radio-telegraph circuits have been increased in efficapicity to as high as 8 channels and there is no attempt to my knowledge to restrict such increase. Why should the increase in the channel capacity of a submarine cable be controlled? It would appear that the Minister of Transport does not wish to see the cable service of other companies improved while permitting the C.O.T.C. to enjoy unlimited cable and radio facilities with improved service. We cannot operate with horse and buggy equipment when others are permitted to use modern jet equipment.

The Minister of Transport in the debate also points to what he describes as complications resulting from the fact that most of the cables that are landed at some point in Canada are used for the transmission of messages between the United States and Europe for through traffic and are divided into two segments. He further states that there might not be any objection to granting permission for a cable to carry through traffic but there might be very real and valid objections to the provisions of facilities additional to those already established to meet Canadian requirements. I say to you that this sounds strange coming from a man who says in the same debate in support of his bill that the new telephone cable in which his crown corporation C.O.T.C. has a joint interest will have a capacity of not less than 800 channels or 40 times the capacity of all existing trans-Atlantic submarine cable circuits.

I would like to refer to the remarks made by the honourable member Mr. L. T. Stick during the debate regarding the rights the companies possessed in Newfoundland before confederation. The company's agreement made in 1905 with the Newfoundland government gave the company its right to handle traffic to and from Newfoundland through its own offices established at St. John's and Port aux Basques, connecting with its office at Canso, Nova Scotia. Subsequent agreements in 1909 and 1926 provided in part—"The government hereby grants to the company the right to land at Newfoundland said cable and also to land at any time hereafter any other cables which the company may desire to land at Newfoundland"—and again—"The government agrees to grant to the company the right to land any of its through cables at Newfoundland on terms and conditions as favourable to the company as those under which any other cables present or future are granted landing rights and privileges by the government of Newfoundland, etc."—At the time of confederation the Department of Transport cancelled our right to handle between Newfoundland and the rest of Canada but under an agreement we made with the CPR to become their agent in St. John's we were able to continue to handle traffic between St. John's and Canada. We continued to handle international traffic in Newfoundland under the provisions of our 1884 Canadian charter. We still consider our 1905, 1909 and 1926 agreements for the landing of cables in Newfoundland to be valid but are naturally fearful from past actions that Bill 212 will vitiate the rights we enjoy under these agreements and our 1884 charter.

In closing, I wish to add that our present annual maintenance and operating expenses at St. John's are $192,000—Canso $101,000 and the rest of Canada $66,000. In addition, a considerable portion of the tolls on all Canadian traffic we handle is retained by the Canadian carriers with whom we connect at the coast. Our taxes in Canada for 1955 were $22,500. The expenses of our cable ship which is now being based at Halifax will amount to approximately $800,000 per annum. If our application for a new cable were approved, in addition to capital expenditures for laying same, there would be an additional annual expenditure in the maritime provinces of approximately $250,000 per annum.

As above indicated the only trans-Atlantic telegraph competition with C.O.T.C. will be eventually throttled out of business. Naturally we are fearful of the provisions of Bill 212 as they presently read if they are made to apply to The Commercial Cable Company.

I thank you.

Mr. HAMILTON (*York West*): Have you extra copies of that statement?

The WITNESS: Yes, we have a few.

Mr. CAVERS: Mr. Chairman, before the meeting comes to an end, I would like to move, seconded by Mr. Hosking that the committee print 650 copies in English and 200 copies in French of the minutes of these proceedings and the evidence in connection with Bill 212.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Tomorrow morning at 10.30 in room 118.

Mr. GREEN: Mr. Chairman, may I ask whether you are planning to sit tomorrow evening? Quite a few of us have to go to Chalk River for supper tomorrow.

The CHAIRMAN: We will have to decide that after we see how we get along.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

BILL No. 212

An Act to amend the Telegraphs Act

THURSDAY, JULY 12, 1956.

FRIDAY, JULY 13, 1956.

WITNESSES:

Mr. Gordon F. Maclaren, Q.C., and Mr. M. E. Corlett, of Ottawa, Counsel for the Commercial Cable Company, New York; Mr. E. A. Martin, Canadian Manager; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

Mr. Alastair Macdonald, Q.C., Ottawa, Counsel and Mr. Robert Levett, Assistant General Attorney, Western Union Telegraph Company, New York; Mr. G. E. Nixon, Controller; Mr. W. E. Connelly, Superintendent, Telecommunications' Division, Department of Transport.

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

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

and Messrs.

Barnett
Batten
Bell
Bennett (Miss) (*Halton*)
Bonnier
Boucher (*Châteauguay-Huntingdon-Laprairie*)
Buchanan
Byrne
Campbell
Carrick
Carter
Cauchon
Cavers (*Vice-Chairman*)
Clark
Decore
Deschatelets
Dufresne
Dupuis
Ellis
Follwell
Gagnon
Garland
Goode
Gourd (*Chapleau*)
Green
Habel
Hahn
Hamilton (*York-West*)
Harrison
Healy
Herridge
Hodgson
Holowach
Hosking
Howe (*Wellington-Huron*)
James
Johnston (*Bow River*)
Kickham
Lafontaine
Langlois (*Gaspe*)
Lavigne
Leboe
Maltais
McBain
McIvor
Meunier
Murphy (*Lambton West*)
Murphy (*Westmorland*)
Nesbitt
Nicholson
Nixon
Nowlan
Purdy
Ross
Small
Viau
Villeneuve
Vincent
Weselak

Antonio Plouffe,
Clerk of the Committee.

THE HOUSE OF COMMONS OF CANADA

BILL 212

An Act to amend the Telegraphs Act.

R.S. c. 262; 1953-54, c. 22.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. The *Telegraphs Act* is amended by adding thereto the following Part:

"PART IV.

EXTERNAL SUBMARINE CABLES.

Interpretation.

"External submarine cable" and "telecommunication" defined.

40. In this Part, the expression "external submarine cable" means a telecommunication service by submarine cable between any place in Canada and any place outside Canada or between places outside Canada through Canada, but does not include any service by a submarine cable wholly under fresh water; and the expression "telecommunication" has the same meaning as it has in the *Radio Act*.

Licences.

Licences required.

41. No person shall in Canada

(*a*) operate an external submarine cable; or

(*b*) construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable

except under and in accordance with a licence issued under this Part.

Regulations.

Regulations.

42. The Governor in Council may make regulations

(*a*) providing for the issue of licences for the purposes of this Part;

(*b*) respecting applications for licences and prescribing the information to be furnished by the applicants;

(*c*) prescribing the duration, terms and conditions of licences and the fees for the issue thereof;

(*d*) providing for the cancellation or suspension of licences for failure to comply with the terms and conditions thereof; and

(*e*) generally, for carrying the purposes and provisions of this Part into effect.

Penalties.

Offences.

43. Every person who violates any provision of this Part or the regulations is guilty of an offence and is liable

(*a*) on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months or to both fine and imprisonment; or

77006—1½

(*b*) on conviction on indictment, to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeeding twelve months or to both fine and imprisonment.

Crown bound.

44. Her Majesty is bound by this Act.

Existing services.

45. For a period of four months after the day on which this Part comes into force this Part does not apply to any external submarine cable existing on that day."

Coming into force.

2. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

EXPLANATORY NOTE.—The purpose of the proposed new Part is to provide for the control of submarine cables terminating in or passing through Canadian territory.

REPORT TO HOUSE

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present its

NINTH REPORT

Your Committee has considered Bill No. 212, an Act to amend the Telegraphs Act, and has agreed to report the Bill without amendment.

Respectfully yours,

H. B. McCULLOCH,

Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, July 12, 1956.
(2)

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 10.30 a.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Bell, Bonnier, Campbell, Carter, Deschatelets, Follwell, Garland, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Healy, Herridge, Holowach, Hosking, James, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspe*), Leboe, Nesbitt, Nicholson, Nixon, Purdy and Villeneuve.—(29).

Also present, the Honourable George C. Marler, Minister of Transport.

In attendance: From the Commercial Cable Company: Mr. M. E. Corlett, Counsel, Ottawa; Mr. Gordon F. Maclaren, Q.C., Counsel, Ottawa; Mr. E. A. Martin, Canadian Manager, Montreal; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

From the Western Union Telegraph Company: Mr. Alastair Macdonald, Q.C., Ottawa, Counsel for the Company; Mr. Robert Levett, New York, Assistant General Attorney of the Company.

From the Privy Council: Mr. E. F. Gaskell.

From the Department of Transport: Mr. J. R. Baldwin, Deputy Minister; Mr. Gordon Nixon, Controller of Telecommunications; Mr. W. E. Connelly, Superintendent of Telecommunications.

From the Department of Justice: Mr. E. A. Driedger, Assistant Deputy Minister.

Mr. M. E. Corlett was called and further examined.

Messrs. Martin and Henderson were also called and further questioned.

Mr. Corlett having referred to the United States Communications legislation, it was agreed, on motion of Mr. Johnston, seconded by Mr. Nicholson, that relevant sections be read by Mr. James A. Kennedy and incorporated in the Proceedings, namely sections 34, 35 and 36 of the Cable Landing Licence Act (U.S.)

Mr. Langlois, in connection thereto, also read extracts of the United States Communications Act (1934) as amended; and Mr. Kennedy commented thereon.

Witnesses representing the Commercial Cable Company were retired subject to further examination.

As agreed at the first meeting, the Committee proceeded to hear representations on Bill 212, from the Western Union Company.

Mr. Macdonald representing the Commercial Cable Company was called. He introduced Mr. Robert Levett of New York and he tabled copies of a brief which was distributed forthwith. Mr. Levett made prefatory remarks on Bill No. 212.

At 1.00 p.m. o'clock the Committee adjourned until this day at 3.00 o'clock.

AFTERNOON SITTING
(3)

The Committee resumed its deliberations at 3.00 o'clock. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Bell, Bonnier, Byrne, Campbell, Carter, Deschatelets, Garland, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Harrison, Healy, Herridge, Holowach, Hosking, James, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Leboe, Nesbitt, Nicholson, Nixon, Purdy and Weselak.—(30).

Also present, the Honourable George C. Marler, Minister of Transport.

In attendance: Same as listed at the morning sitting.

Mr. Macdonald was called and read the Company's brief.

Mr. Levett was then called, made a supplementary statement and was questioned at some length.

The Honourable the Minister of Transport made a statement based on representations made by both the Commercial Cable Company and the Western Union Telegraph Company. The Minister was questioned.

At 5.55 p.m., on motion of Mr. Nixon, seconded by Mr. Lafontaine, the Minister's examination still continuing, the Committee adjourned until 8.00 o'clock this evening.

EVENING SITTING
(4)

The Committee resumed at 8.00 o'clock. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Bell, Bonnier, Campbell, Carter, Deschatelets, Gourd (*Chapleau*), Habel, Hamilton (*York West*), Healy, Herridge, Holowach, Hosking, James, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Leboe, Nesbitt, Nicholson, Nixon, Purdy and Weselak.—(25).

Also present, the Honourable George C. Marler, Minister of Transport.

In attendance: From the Commercial Cable Company and the Western Union Telegraph Company: Same officials as listed at the morning meeting; *from the Department of Transport:* Messrs. Baldwin, Nixon and Connelly.

The Committee continued its questioning of Mr. Marler.

On motion of Mr. Johnston, it was agreed that a copy of the application for a landing licence from the Commercial Cable Company be filed. (*See Minutes of Proceedings No. 5*).

As agreed, the representatives of the Commercial Cable Company were recalled; thus Messrs. Henderson and Kennedy were further examined.

Mr. Levett, of the Western Union Telegraph Company was also recalled and further examined.

At 10.10 p.m., the general consideration of Bill No. 212 still continuing, the Committee adjourned until Friday, July 13, at 11.30 a.m.

Friday, July 13, 1956.

(5)

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11.30 o'clock. Mr. H. B. McCulloch, Chairman, presided.

Members present: Messrs. Barnett, Batten, Bell, Bonnier, Campbell, Carter, Deschatelets, Gourd (*Chapleau*), Habel, Hamilton (*York West*), Herridge, Holowach, Hosking, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Lavigne, Leboe, Meunier, Nicholson Nixon, Purdy and Weselak. (24)

Also present: The Honourable Minister of Transport.

In attendance: From the Commercial Cable Company: Mr. M. E. Corlett, Counsel, Ottawa; Mr. Gordon F. Maclaren, Q.C., Counsel, Ottawa; Mr. E. A. Martin, Canadian Manager; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

From the Western Union Telegraph Company: Mr. Alastair Macdonald, Q.C., Ottawa, Counsel for the Company; Mr. Robert Levett, New York, Assistant General Attorney of the Company.

From the Department of Transport: Messrs. Baldwin, Nixon and Connelly.

From the Privy Council: Mr. E. F. Gaskell.

The Committee resumed its consideration of Bill 212.

Messrs. Levett, Nixon, Maclaren and Macdonald made further supplementary statements and were questioned. The Minister of Transport also made statements in reply and was examined.

As requested at the previous meeting a copy of the coaxial cable landing application of the Commercial Cable Company was filed with the clerk and on motion of Mr. Johnston, it was

Ordered,—That it be printed as an appendix to the proceedings. (See Appendix I).

The Committee then proceeded to consider the Bill clause by clause.

On clause 1—new proposed Part IV, new proposed clauses 40 and 41 were adopted.

On clause 42, page 2 line 2, Mr. Hamilton moved, seconded by Mr. Bell, that the words "the Governor in Council" be deleted and the words that "the Board of Transport Commissioners" be substituted therefore; and that the word "orders" be inserted after the word "make".

The question being put on the amendment, it was resolved in the negative; yeas: 4, nays: 19.

New proposed clauses 42, 43, and 45 were adopted.

Mr. Hamilton moved, seconded by Mr. Bell, that the following new clause 46 be added to the new proposed Part IV: *"All the provisions of Part III and those Parts dealing with external submarine cables shall come under the jurisdictions of and be administered by the Board of Transport Commissioners".*

The question being put on the amendment, it was resolved in the negative. Yeas: 3, nays: 17.

Clause 2 was adopted.

Mr. Hamilton moved, seconded by Mr. Bell, that the following new clause 3 be inserted in the bill: *"This part does not apply in respect of a company which is already operating external submarine cables under the authority of an Act of the Parliament of Canada".*

The question being put, it was resolved in the negative. Yeas: 2, nays: 17.

Ordered,—That the Chairman report the bill without amendment. On division.

Before adjourning, Messrs. Hamilton and Nicholson made concluding statements.

The Minister of Transport also made comments.

The Chairman expressed to the Minister of Transport and to the representatives of the Commercial Cable Company and the Western Union Telegraph Company the appreciation of the Committee for the information given in the course of the proceedings.

At 12.35 p.m., having concluded its consideration of Bill 212, the Committee adjourned until Monday, July 16, at 11.30 o'clock.

Antonio Plouffe,
Assistant Chief Clerk of Committees

EVIDENCE

THURSDAY, July 12, 1956.

The CHAIRMAN: Gentlemen, order please.

Are there any further questions that you would like to ask Mr. Corlett?

Mr. GREEN: Of whom, Mr. Chairman?

The CHAIRMAN: I beg your pardon?

Mr. GREEN: Questions of whom?

The CHAIRMAN: Mr. Corlett.

Hon. G. C. MARLER (*Minister of Transport*): Or Mr. Henderson.

The CHAIRMAN: Or Mr. Henderson.

Mr. GREEN: I would like to get an explanation of the situation across the Pacific, from one of the officials.

Mr. Murray CORLETT (*Counsel, Commercial Cable Company*): The situation with reference to the location of cables, Mr. Green?

Mr. GREEN: The whole cable situation on the Pacific.

Mr. CORLETT: I think Mr. Martin, the Canadian manager of Commercial Cable Company would be in the best position to answer that question.

Mr. E. A. Martin, Canadian Manager, Commercial Cable Company, Montreal, Called:

The WITNESS: I think I mentioned yesterday, there is the C.O.T.C. cable crossing the Pacific to Australia and Asia. In my opinion, that is the best service out of Vancouver, or the whole of Canada, to that territory.

Prior to the World War II we did have what is known as Commercial Pacific Cable which went from San Francisco, through Hawaii, the Philippines, China, and Japan. Due to enemy action the cable was put out of action, and it is not now in use, except perhaps to Hawaii. We are using radio.

By Mr. Green:

Q. How do you send your messages across the Pacific?—A. By radio.

Mr. CARTER: I have one or two questions I would like to ask. Would you elaborate on this phrase that is used in the brief about relegating Canada to colonial status? I would like to have that explained, what you mean by that. In what way is Canada going to have colonial status in respect to communication?

Mr. CORLETT: Mr. Chairman, in answer to Mr. Carter's question, I think that it is common knowledge that the British, for many years, and certainly from reading reports of the various communications conferences that have taken place, going back to 1937 at least, have favoured a system of international communication to the various commonwealth countries that will be closely controlled by the governments themselves.

Mr. CARTER: Yes, that is the point. Do you really mean by "the governments themselves", that is, all the governments party to the agreement, or by the United Kingdom government?

Mr. CORLETT: By the various governments themselves, and that would include Canada. In the reference that I made yesterday to a statement that the Honourable J. L. Ilsley made in the House of Commons in July, 1945 at a time, if I remember correctly, when he was acting Prime Minister, he was asked a question by the leader of the opposition about the 1945 Commonwealth Communications Conference that was taking place at that time. You will remember, and I think I quoted to you the exact words he used—that it was contemplated that there would be nationalization of external telecommunication facilities of the various commonwealth countries. I think that was borne out by a statement I made yesterday quoted from the British white paper, with reference to Cable Wireless Limited—proposed transfer to public ownership.

Coming down to 1948, when the Commonwealth Telegraphs Agreement was signed, to which Canada was a party, in the recitals of this agreement it is stated—and I would be glad to give this document, or lend it to Mr. Carter, if he so desires; we obtained it from the British government printing office; this is the recital that I quoted—"Whereas at a Commonwealth Telecommunications Conference of representatives of the partner governments held in London in July, 1945 decisions were reached to recommend certain measures for promoting and coordinating the efficiency and development of the telecommunication services of the British Commonwealth and Empire and whereas the partner governments have adopted the recommendations of the said conference and certain of such recommendations have already been carried out including the acquisition by the United Kingdom government of all the shares of Cable and Wireless Limited". I might say, that it is my understanding that prior to that time the British government had a large block of shares of this Cable and Wireless Organization, I believe perhaps the majority, and they decided to take over the balance of the shares.

And the last recital: "And whereas the partner governments are entering into this agreement for the purpose of giving full effect to the said recommendations:".

Mr. CARTER: Yes, but—

Mr. CORLETT: Then, if I may continue. Coming to the operative part, Part I, Article I: "Each partner government—" which would include Canada, "—in whose territory a local company—", and I take it that would mean the Commercial Cable Company, "—is operating external telecommunication services—", which Commercial Cable Company is doing— "—shall purchase all the shares in the local company which it does not already own or otherwise acquire the local company's undertaking to such extent as it has not already done so".

So to stop there, it would seem to me that the government had decided that they were going to nationalize the external telecommunications companies of all the countries that signed this agreement, being the United Kingdom, Canada, Australia, New Zealand, South Africa, India and Southern Rhodesia.

But this next part waters the whole thing down, as I interpret it, because it says: "The partner governments whom clause 1 applies—" and that is the part I have just read, where they say they are going to take over the assets of the local company—: "The partner governments to whom clause 1 applies are set out in the first column of the first schedule hereto, and the companies whose shares or undertaking each such partner government is to acquire are set out in the second column opposite". If you turn to the schedule, you will see, as far as Canada is concerned, the company whose shares or undertaking are to be acquired, is restricted to the Canadian Marconi Company Limited.

Hon. Mr. MARLER: So that does not include Commercial Cable or Western Union?

Mr. CORLETT: No.

So, it would appear to me that somewhere along the line, from the time that Mr. Ilsley made his statement in 1945, until 1948 the governments, for reasons known to themselves decide that perhaps they are not going to nationalize—

Mr. CARTER: I think,—if you will let me interrupt,—I think we can save a lot of time. You are saying a lot of words, but your are not coming along to the question that I want answered. When a person uses the phrase: "colonial status", to my knowledge, that means a certain thing. That means there is a group of countries, one of which is dominating and exploiting the others for personal gain.

Now, if the United Kingdom, Canada and Australia and New Zealand, and a number of other countries—even if they nationalize—even if they nationalize it and they work out a partnership agreement, I do not see where colonial status comes in, unless one is exploiting the rest. That is the point that I want you to answer and you have not answered it yet in any way, as to where any exploitation would come into the picture.

The WITNESS: May I say something on that, sir?

The point is this: if you have merely the C.O.T.C. operating in and out of Canada you are realegating Canada's position to that of colonial status in the field of telecommunications. Follow through this way: at the moment you have three telecommunication systems operating in and out of Canada, namely the Western Union, Commercial Cable Company's system, and the C.O.T.C. At the moment a Canadian can choose the route most suited to transmit his message, as there are more than one outlet—through Central and South America, and as I mentioned, yesterday wireless on the Pacific. Now, if you eliminate the outlets now operated by Commercial Cable Company and Western Union, and of course, if we cannot put outlets in the future, and our present facilities become obsolete, that is the ultimate end, and what happens then? You have to transmit your communication to Central and South America—or Japan, as the case may be, through London, with the resultant delay, the same as I claim you would have to do under the present system.

By Mr. Carter:

Q. I will stop you there. Does not that apply at the present time in Great Britain too?—A. No, because once that message gets to Great Britain, Great Britain will relay the message on, so—

Q. No, no, but you are talking about messages originating in Canada?—A. Yes.

Q. What about messages originating in Great Britain?—A. They will send them direct to Central or South America. But, if it is from Canada—

Q. Sure, in that particular case. But, supposing they want to send it somewhere else?—A. They will transmit through London. You will have the overload from Canada to London. That would be the only cable.

Q. There must be some places in the world that do not have direct connections with London, surely? If they want to send it to China, or some other place— —A. As I mentioned before, you will have to transmit it around the world.

Q. I cannot see any difference in the system. I cannot see where there is any advantage that Great Britain, or the United Kingdom has under this arrangement that Canada does not have. Each one has certain advantages and each one has certain disadvantages.—A. Under the present company system, that is so. At the moment you can have direct facilities, you do have

facilities for transmitting messages to countries such as Central and South America, in the Pacific, or certain European countries without going through London. But, if you eliminate those outlets, namely those of Commercial Cable Company and Western Union, then you restrict and delay all your communications in and out of Canada.

Q. Suppose that there are no more communications in the world, only the C.O.T.C.'s: That is the only system, everything else is gone.—A. Right.

Q. Now, do the people in Britain, with messages originating in Britain, have any advantage, over-all advantage? They may have an advantage in regard to certain messages to certain places, but is that not also compensated for by the disadvantages? I mean, are the advantages, the total advantages and disadvantages equal to all parties?—A. Under the present conditions the advantages to Canada are these: people doing business in Canada are trading throughout the world shipping grain, and other products and they have ship movements; and air lines are operating. You can transmit your messages directly to someone in these countries without going through London. If you eliminate these outlets you are slowing down communication to the extent that your only outlet for cable communication to these countries is via London.

Q. I can see that you are slowing it down.—A. And all other commonwealth countries must transmit the traffic to London, and they will dispose of the traffic from there on.

Q. You still have not answered my question.

Mr. GREEN: An example of that, I presume, is on the Pacific. If a merchant in Vancouver wants to send a cable to Japan and he had to use the C.O.T.C., that cable would have to go to London, and then from London around the whole world to get to Japan rather than going over a private line direct to Japan

Mr. CARTER: Certainly, but that is a particular instance.

The WITNESS: You see, an example of that is this: our company, for example, operates cables in various directions. We operate our own offices in some 140 cities throughout the world. The C.O.T.C., to my knowledge, does not own any trans-Atlantic cable. It does not operate any office outside of Canada. Therefore they must transmit their traffic to London, and then the British post office takes over.

If you were to go into an office in Europe as I have done, and as I am sure some of you have, and you would ask them to transmit this message via C.O.T.C., they will not know what you are talking about. They will say, "We will send it to the British post office, going to Canada, and they send it to Canada".

You might say you want to trade with Central and South America; at the moment you can transmit your message, you can complete sales there today. But, if you eliminate these outlets, you tell those clients, "We want to communicate with you; we want to do business with you, but if you want to communicate with us send the message to London first, and they will relay it to Canada". That gives, to my feeling, colonial status in Canada in the field of telecommunications.

By Mr. Barnett:

Q. May I ask a question at this point? Supposing I wanted to send a cable to South America, how is that going to go?—A. It will go on a cable through Central and South America.

Q. Direct from where—Halifax?—A. Montreal. It might go Montreal, or St. John's. It can go Montreal, New York, or from Rio de Janeiro, or some of those places.

Q. Is that not the same situation; if I have to send a cable through New York, would it not be just as fair to say that that would be putting Canada in the position of colonial status?—A. Certainly not. Because you choose the route that you prefer. If you like that route—I might say this, in all sincerity, that all people in Canada who are doing business outside of Canada, whether they are operating planes or ships, shipping grain, or lumber, they have certain brief hours during which they can trade. That is because of the difference in time between Canada and foreign countries. Let me give you an example of that: when you open your office in Montreal or Toronto at 9 o'clock, it is already 2 o'clock in London. In Winnipeg: when the Winnipeg Grain Exchange opens it is already 3 o'clock, or 4 o'clock in London. When Vancouver opens its offices it is 6 o'clock in London. You have perhaps half an hour, or an hour and a half in which to trade. You are going to use the method most suited for your purposes. If you are exchanging messages and dealing with those various countries in the world you will very quickly make a survey as to what route is best suited for your needs.

By Mr. Carter:

Q. You see, what you are saying, Mr. Martin, is that some lines give a quicker service than the C.O.T.C.; that is what you are saying.—A. And vice versa.

Q. But I am not asking that question. I am asking, what advantage—in this agreement, what advantage does the British post office, or the United Kingdom department have? They are all partners in this C.O.T.C.?—A. Right.

Q. What advantages does one partner have over all the others?—A. I will say this: Cable and Wireless of London own a cable system of some 150,000 miles. The C.O.T.C. owns no cable, to my knowledge. I can be corrected on that. So, in order to reach these countries you must send your message to London, if you eliminate the Western Union and the Commercial Cable Company routes.

By Hon. Mr. Marler:

Q. Mr. Martin, you have been eliminating both of these companies with great ease, but so far I have seen nothing that justifies that assumption.—A. May I say this, sir: at the moment we are limited as to our facilities within Canada, and I think we have shown that. I might say here, that our volume of traffic since 1939 has tripled. In those days we were handling in Canada something like 200,000 messages per year. This year it will be close to 600,000; yet we have not been able to increase our capacity. And in addition to which you have a demand today for much faster service: for example, in the operation of an air line. We did not have that some 20 years ago.

May I just take a moment here, if you do not mind me taking the time in regard to air lines. Let us say we have an air line system operating in and out of Canada. Let us say that air line has a flight from Vancouver, through Hawaii, Hong Kong, Japan—it is most important, and I am sure you will all agree, that they have fast communication to all those points to ensure safe contact with the plane. If the message goes out from Vancouver and has to go to Hawaii, the communications officer of the public air lines will know and he will have made a study of communications and he will say the first stop is Hawaii. He will say, "I am going to use the Commercial Cable system, it is the fastest". The next flight to the next place is Australia, and he will say, "My goodness, my facility is the Pacific Cable to Australia", which is correct—C.O.T.C. The plane then goes into Japan, and he might say, "If I am going to send my message through Canada, coast to coast and then to London, and around to Japan there will be a delay.

Q. Mr. Martin, you are just rubbing out Western Union and the Commercial Cable Company, whereas I can see nothing to justify that assumption.—A. May I continue, sir, I am sorry.

Q. Please do. I am sorry I interrupted you, but I think we should not forget that this is all very hypothetical.—A. As I said before, our traffic has tripled, the volume of traffic has tripled. The demand has now increased from 200,000 to 600,000 messages, and the type of traffic today is of an urgent nature because of, as I say, the changing of events. You have air line services operating today, which you did not have 20 years ago. You also have this business of the difference of time between Canada and the foreign countries. Everyone wants to file at the same time. I am sure all the companies will agree that on the opening of the market in Montreal and Toronto, the Winnipeg Grain Exchange, Vancouver business, the plane departures—everyone wants to get there at the same time. You have to operate in an hour, perhaps an hour and a half, or perhaps two hours, when all your circuits are overloaded.

True, at night your services are idle, but you must have the additional facilities during these two or three hours when the banks want to arrange for foreign exchange at the opening of the market, and that sort of thing, and it must have the information within an hour, and they must have the reply, perhaps within 15 minutes. But, you cannot handle 600,000 messages today as compared with 200,000 messages in 1939 with the same facilities, and in addition to which they require more direct services.

You have someone in Winnipeg today, and he cannot get through direct to London. I do not say we would have a direct circuit ourselves, but if we had an additional circuit there that goes to London, we could provide Winnipeg with a direct through circuit to London. We would provide the international section and the C.P.R. would provide the domestic services. The same applies to Vancouver.

By Mr. Hosking:

Q. You have suggested that this line goes to London?—A. That is correct, in this particular case.

Q. Were you not just adding to our colonial status now?—A. No, not at all, because we have alternate routes. If the circuits were overloaded, for example Roterdam—we own a cable—you take Rotterdam, we operate our own cable to Paris.

Q. Were you not saying that a message that went through London gave us our colonial status? Is not this plan you are suggesting going to give us colonial status?—A. No, I am sorry, you misunderstood what I was saying. If you eliminate the outlet for all Canadian traffic through the British post office you are—but I am not saying we are limited to that; I am just giving this exchange of traffic from London.

Q. What does C.O.T.C. do now that is in competition with you?—A. It is very good competition. First I want to say that, that the competition we get from the C.O.T.C. and Western Union is very good, and it has been good.

Q. Would you explain how it is competition if they do not own any lines?—A. They transmit their traffic through the cable head, and they operate a cable head; but beyond that they do not own a cable. They participate. It is British-owned.

Q. British-owned?—A. But we own cables, as well as the trans-Atlantic, all through Central and South America. We have our own office in Paris. You can give us a message in Quebec city and we will send it to Paris. It is our own office that handles it. If you send a message to Rotterdam, it is the same thing.

If you send a message to Rotterdam, Brussels or Antwerp, it is our own offices, whereas in the other cases—I am not—please do not misunderstand me, I am not trying to run down the services. As I said before, in some respects their services are better than ours.

Q. How are they in competition with you if they do not own lines? What damage do they do to you?—A. We are not concerned with the damage they do to us, we are not trying to stop competition.

Q. You said that they made an abortive attempt to put you out of business? —A. Well, of course—

Q. How was this abortive attempt made to put you out of business?—A. In Newfoundland,—that part was covered yesterday.

Q. No, but how did it happen, I would like to know? You never explained how this abortive attempt was made to put you out of business. If they do not own lines, how was it made?—A. We received notice, and I think you have a copy of that.

I was just wondering, if before answering that, I could finish my answer to the minister regarding the question as to how it would happen that there would be this monopoly, and Commercial Cable perhaps be put out of business. As I said, unless we are in a position, as I explained here, and we have this volume of traffic, and we have the demand for more facilities as I explained before, we have this volume of traffic, and we have the demand for more facilities, and unless we are able to give the services that C.O.T.C., as you know, will be able to give, with these additional facilities, the one and one-half voice channels, and this new coaxial cable—there may be a small percentage of facilities, but they will have more facilities than we have. So, therefore, we will have to tell the Canadian client that we are not in a position to provide them with the services, because our facilities are not adequate, and it will force him to go to the C.O.T.C. That is the point. That is the ultimate end, unless we can improve our facilities and replace the old and obsolete facilities, we will not be in a position to give the service that the Canadians are entitled to.

By Mr. Langlois (Gaspe):

Q. Mr. Martin, is it not a fact that the C.O.T.C. operates direct services by radio to France and Germany?—A. That is right, sir, but we are not in the radio business.

Q. The C.O.T.C. operates a direct radio service to France and Germany?—A. Yes, but we have cable service to France. We can use radio to Paris on the overflow. But, once it gets into Paris it is not handled by the C.O.T.C. To my knowledge the C.O.T.C. have no office in Paris. It has got to be turned over to someone else to be delivered and handled there. I might be wrong in that. Perhaps Mr. Connelly could answer that. You have no office in France?

Mr. W. E. CONNELLY (*Superintendent of Radio, Department of Transport*): That is right. The message is turned over to the French administration for delivery.

The WITNESS: And now, in our case we have our own office. We transmit the message to our Paris office, and it goes by cable. I might say, you have that wireless circuit, and I am glad you have. It gives better service to Canada. But I would hasten to say that if you were to eliminate the cable service to France via commercial, or the wireless overload, and eliminate the possibility of Canadians using the service to Paris, I think it would be determined to Canada.

By Mr. Carter:

Q. When did your facilities start to become obsolete?—A. Yes.

Q. When?—A. In 1884 we laid our first two cables.

Q. And in 1923 you laid the last one?—A. Yes. One of the two cables laid in 1884 is now obsolete and is not in use.

Q. Not in use at all?—A. Not in use at all.

Q. You have less channels now than you had when that one was working? —A. Not necessarily so, because we were able, as a result of the undersea repeaters to get—correct me if I am wrong—to get one additional duplex channel. That old cable, I think we had two channels. So, we have not lost in the over-all.

Q. Who were your competitors before C.O.T.C. came into the picture? —A. We had the Western Union and the Anglo-American, who operate together, and we had the Canadian Marconi Company and we had Cable and Wireless.

Q. Yes. Now— —A. Today Marconi and Cable and Wireless are the ones that are taking over in Canada.

Q. I understand Canadian Marconi went bankrupt, they went out of business, is that right?—A. No. I am sorry. Perhaps the minister could answer that.

Hon. Mr. MARLER: Their assets were acquired by C.O.T.C.

Mr. CARTER: They were acquired?

Hon. Mr. MARLER: Yes.

Mr. CARTER: Were they not confiscated—what is the word?

Hon. Mr. MARLER: Expropriated.

Mr. CARTER: Expropriated?

Hon. Mr. MARLER: I cannot tell whether it was expropriation, or an acquisition by mutual agreement; but they were acquired. Mr. Langlois says by negotiation.

Mr. CARTER: They were not available to anybody else? When they went out of business, it was not available for any other company who wanted to acquire it?

Hon. Mr. MARLER: I think perhaps we could reasonably say we expected that they would be acquired by C.O.T.C.

Mr. CARTER: Yes, but supposing the Commercial Cable Company wanted to buy them out, would it have been possible for them to do so?

Hon. Mr. MARLER: There is no law against their making an offer, but I think it is unlikely that it would have been accepted.

By Mr. Bell:

Q. Mr. Martin, I wonder if it would be fair to say, in answer to Mr. Carter's question with respect to London, that London is the centre of the world in international business, and they have better facilities there, and any monopoly condition that might exist here, or elsewhere in the future would greatly increase our disadvantage and disparity in that way?—A. Yes, if as I said before, if you are going to eliminate all other outlets provided now by the Commercial Cable Company and your Western Union—I am not saying this has been done, but that would be the ultimate result if we are not able or are not permitted to replace obsolete equipment and put in new facilities to take care of the additional demand made upon us by the Canadian public.

By Mr. Langlois (Gaspe):

Q. However, since you are landing new cables on the Pacific coast, this one fact in your service to Japan, that you gave us an example of, being the more rapid service— —A. Let me put it this way, sir. It is true that we could stay in business in Canada to handle that very small percentage of traffic only, but it would be economically unsound for the company to remain in Canada just to take care of the traffic that the C.O.T.C. cannot handle, or because it is overloaded, or because its cable is interrupted. It would be economically unsound to retain our offices at St. John's and Canso.

Q. I am speaking of the Pacific coast.—A. Yes, the Pacific. But, I am quite sure if you know the volume, which is quite small at the moment, it would certainly not warrant the company maintaining offices in Canada, and facilities for the purpose of handling that small percentage of the traffic.

Q. Even if you are providing more rapid service than the C.O.T.C. can provide?—A. Yes. I mean that the company could not stay in business just to handle peanuts in the communication field, that is, one-tenth of one per cent of our over-all Canadian volume.

By Mr. Campbell:

Q. Was your application in 1945 made for a coaxial cable?

Hon. Mr. MARLER: It was 1954.

The WITNESS: Yes, it was 1954.

By Mr. Campbell:

Q. Why had you not extended your cables from 1923 up to that time?—A. Between 1923 and 1939 there was very little change in the over-all volume. The great increase and the big demand made upon us came about since the end of the war; that is when the company started to make plans for the laying of a new cable and for the financing of landings and so forth.

I have a letter here dated April 1, which is attached to the agreement. That is the letter we referred to.

Mr. MACLAREN: And it is dated the 1st of April the day after confederation.

The WITNESS: Yes.

By Mr. Hosking:

Q. That does not close up any of the land-lines you had in operation?—A. I know that this was referred to our legal adviser at the time and he said that while it was true that we were no longer able to operate under the Newfoundland agreement, we could then handle our traffic under our Canadian charter, which we are doing. We had quite a discussion with the department about it at that time.

Mr. LANGLOIS (*Gaspe*): I wonder if the witness would mind addressing the chair?

By Mr. Hahn:

Q. How many outlets have you in Canada?—A. Twenty-four.

Q. How many actual lines are there on the coaxial cable?—A. About 120 for use between the United States and Europe.

Q. What would you estimate could be the present need for Canada on the Atlantic coast?—A. We planned that with this we were going to provide a direct service from Vancouver, but I hope you will not misunderstand me and think that we are going to provide the service ourselves direct to London,

Paris or Rotterdam. The land-line operation between Vancouver and the cable head would be provided by Canadian Pacific Telegraphs in this particular case, but we would follow through.

People on the west coast do not know why it is necessary to route traffic through Montreal. But we are prepared, if we have this additional facility, to give them direct service from Vancouver, which would put them in the communication field exactly in the same position with people from Montreal. We have the same requests from Winnipeg and Toronto.

In addition we have had a demand by five organizations in Canada for leased circuits; in addition, the demand is also increasing for telex services, customer to customer, on a three-minute basis. You might say that perhaps ten or twelve channels would serve the purpose.

If you look at the over-all picture that may be so, but you must realize that because of the difference in time between Canada and foreign countries you must provide these facilities within a few hours each day. If you have not got those facilities available then somebody is going to be held up, somebody who is trying to get a grain order and who has perhaps only two hours in which to trade, and if he cannot get his message through rather quickly and have a reply, he may lose out in the business.

Q. So the minimum need for Canada would be only twelve channels while you are requesting twenty-four?—A. Yes, in order to take care of the overloading on the telex side; but they would not be in use for all twenty-four hours of the day. At night you might have only one circuit in use.

Q. How many outlets has C.O.T.C. at the present time?—A. It might be more accurate to ask C.O.T.C. to answer that question, but in the new trans-Atlantic telephone cable there will be one and one-half voice channels assigned to C.O.T.C. for telegraph purposes.

Hon. Mr. MARLER: It is just one-half.

The WITNESS: Oh! There will be one-half of a voice channel assigned for telegraph use. In my opinion the D.O.T. would be a better expert in this matter, but I would say that you would get about twelve circuits out of it, and in addition you would also have the wireless service. We have wireless service direct from Canada so that with these twelve, plus what they have today, plus their beams and their radio, they would have in the vicinity of twenty-four or more; and if that one-half voice channel should prove to be insufficient in the future, there is nothing to stop them from converting one of the radio telephone channels to telegraph use.

By Mr. Johnston (Bow River):

Q. But you would not be able to do that?—A. No. If we have twenty-four channels to Canada, that is all; the rest would be mainly telegraph cable. The A.T.T. cable is primarily a telephone cable, and the only exception is the one-half voice channel assigned for telegraph use between Canada and the United Kingdom. Of the other channels—I am not sure of the number now—but I think there are six and one-half telephone channels assigned to Canada.

Hon. Mr. MARLER: Making a total of 36.

The WITNESS: That is right, 36.

By Mr. Hahn:

Q. What do you anticipate to be the need for the future? Your statisticians must have figured out what the over-all needs would be in ten years?—A. We might have to lay a new cable.

Q. Another new cable?—A. I would say so, because I would doubt if it would be possible for us, if we have 120 channels with 24 assigned to Canada

and 96 assigned to the United States—if our volume increased, that they would be willing to give up their 96; so that if those facilities are inadequate, we would have to lay a new cable.

I would say from my experience that for the foreseeable future 24 circuits would be adequate, but you never know what developments will come about. However, based on general growth, I would say that for the forseeable future 24 channels would definitely serve the purpose.

Q. With respect to messages transmitted, at the present time your line is working to capacity?—A. That is right.

Q. And how many would you anticipate? You have only a two hour basis from Vancouver to London; how many messages do you anticipate would be handled if you got permission to have your outlets in Canada?—A. Just here may I say that the facilities for 600,000 messages are not adequate and some of them must be rerouted via the United States in order to take up the overload.

As to the volume from Vancouver, if my memory serves me correctly, it would be approximately 5,000 messages per month, or roughly, 60,000 per year. We have the same increase in Alberta, where there has been a tremendous increase because of the oil development there and other things.

Q. You are presently rerouting some of your messages. How many are being re-routed out of the 600,000 you carry?—A. For example, we have a cable into Italy which goes from Newfoundland. If our Canadian traffic became overloaded, we could get that traffic into New York and they would transmit it over the same cable but over different channels in that cable to Italy; and the same thing with respect to France. If we have enough facilities ourselves, however, that would not be necessary.

Q. How many messages per year would be re-routed?—A. We re-route daily approximately—excuse me—I would say roughly from 2,000 to 3,000 messages a week, or about 600 a day, roughly, on a five day week basis.

Q. That is like going from London to Canada?—A. No; that would be from Canada abroad; there maybe some traffic going to Italy, France, Germany, Holland and Belgium for example.

Q. And what would be the difference in timing?—A. That is where we have our main problem. There is a difference in time between here and the United Kingdom of five hours, and with Belgium it is six hours. For example, when the market opens in Montreal or Toronto at nine or ten o'clock, it will be three o'clock over there; and the moment the Winnipeg Grain Exchange opens we are flooded with traffic trying to get through; and unless they can get the necessary messages back and forth quickly, it is hopeless for them to try to compete with the Chicago Grain Exchange which does have adequate facilities. It is unfair to say to the Winnipeg Grain Exchange that you cannot have these facilities because we cannot provide them because if the government says to us "No, you can provide them but we will not let you use them" then we are putting the Winnipeg people at a disadvantage vis a vis the Chicago people.

Q. Is it possible to replace the present cables which you have on an economical basis with a coaxial cable, and use the present outlets that you have, with your plan of running into the United States?—A. No, it would not. If you wanted to provide 24 channels in Canada with the old type of cable, you would probably have to lay five or six if not more, and the cost of laying the old type of cable would be just about as much as if you put in a coaxial cable when you would achieve the same purpose, but the company would be put in a position where if they wanted to provide facilities on the old type of basis, they would have to spend five or six times as much. You are going to get the same facilities, but it would cost you from $200 million to $250 million to do it instead of $25 million.

Q. If your application were granted for these outlets in Canada, would you be able to reduce your rates?—A. I would not be prepared to say that, no, because if your rate is twice as much as that of another carrier, people will not lower than ours we would not be in business. It would mean a tremendous increase in your operating cost because your equipment costs more, your salaries are higher, and your taxes are higher. The more traffic you handle, the more expenses you have, so I doubt if it would result in a decrease in rates.

Q. If you had to replace the other cable, using the same kind of cable you have there now, would the costs of sending messages increase?—A. They would certainly have to increase; but if the other companies have the facilities by laying one cable, then we are not in a position to compete with them, because if your rate is twice as much as that of another carrier, people will not use your service except in very rare instances, unless your services are so much better in a certain direction that they will use them even though they have to pay an additional cost, but that would be a very small percentage indeed.

Q. If this application is not granted, it will mean that in effect, as your other line deteriorates and falls into disuse, you will not be in a position to replace it?—A. That is right; we will not be in a position to meet the demands of the C.O.T.C. for the services we are now giving and for which there is an increasing demand.

By Mr. Hosking:

Q. In the first 21 years of your operation you put in five cables—A. Yes.

Q. Evidently there was quite an extension of calls back and forth around 1900?

Hon. Mr. MARLER: I think you should not forget that these cables are not solely between Canada and the United Kingdom; they are cables between the United States and the United Kingdom landed in Canada as an intermediate point. It is not solely Canada-United Kingdom business we are talking about. We are talking about United States, Canada, United Kingdom communications and world wide communications, not just purely the Canadian position.

Mr. HOSKING: It is not for Canada alone, it is for the continent?

Hon. Mr. MARLER: That is correct.

The WITNESS: Yes, that is correct.

By Mr. Hosking:

Q. If in those 21 years you put down five cables and in the next 18 years you put down one cable, when did that one cable go out of operation?—A. You mean the one laid in 1884?

Q. Yes.—A. Four or five years ago.

Mr HENDERSON: It went out of operation during the war.

By Mr. Hosking:

Q. Is that the reason they have C.O.T.C. because you were not giving an adequate service in the last 33 years?—A. No, because you also had Marconi and Cable and Wireless. Therefore C.O.T.C. is not in addition to them, it is in place of them. We had competition then as we have it now.

Q. In 1929 you spoke of the Winnipeg Grain Exchange, and that was possibly its busiest time. With the terrific business done in 1929, how were you able to handle all the required traffic with these services without putting in an extra cable to take care of it?—A. There was no demand for direct facilities from Winnipeg in 1921. They were quite satisfied with the method at that time. But since then there have been new developments in the field of communication. You have telex from the United States today and you have the R.C.A. telex service, and that affects Canada.

For example, a very large firm in Vancouver asked us for similar facilities. They said: "We cannot compete with those people in Seattle unless we have the same facilities". We said to them that we were working on it. What did they do then? They leased a land line service between Vancouver and Seattle.

The point I am making is about the competition between countries. A large firm in Vancouver asked us if we could not provide them with more traffic facilities in the handling of their traffic because they were in a highly competitive business, and they had to get their exchange of traffic with their overseas correspondents made very quickly. Unfortunately, we were not able to do it but we said that we had plans which eventually would allow us to provide them with that service. They said: "Since you are unable to do it, then we have no alternative". And instead of using the facilities in Canada they leased a land line service from Vancouver into Seattle made use of the facilities of the C.C.A. which is not in business in Canada, which has no charter in Canada or outlets in Canada; but nevertheless Canadian traffic is moving from this firm in Vancouver to Seattle to be put on the R.C.A. telex there. That is an example of the lack of facilities.

By Mr. Green:

Q. Are you free to indicate what firm it is, or what type of business?—A. I do not think it would be fair to tell you unless I first consulted with the firm. I think to do so would be wrong.

By Mr. Johnston (Bow River):

Q. You say with respect to your surplus business that because you only have 12 outlets here you have to send it to New York to be transmitted?—A. That is correct.

Q. How different would your position be to that of C.O.T.C., where they have to send their messages through London to be transmitted? Would you not be in exactly the same position?—A. Certainly.

Q. What advantage would C.O.T.C. have over your company then, if you were both in the same position?—A. If we route via the United States, that requires a relay, with the result that the Canadian public by such routing is not geting the service to which it is entitled. So what we have in mind is this: that communications originating in Canada could, as far as possible, be handled in Canada to the coast over Canadian lines, and that operation should be done by Canadian operators, with offices manned by Canadians, and with charges made by Canadians without any payment because if you route your traffic through the United States, you must give up part of your tolls in transit. So our feeling is that if Canada is to have the telecommunication facilities that it requires, and it has international dealings in trade and for movements generally speaking, then it should have and it deserves to have the best possible facilities that we can make available for it—that is for traffic facilities from Canada.

Q. And you think with these other 12 channels you would be able to give that service?—A. We do.

By Mr. Hosking:

Q. If this coaxial cable is built, what percentage of those lines between Canada and Great Britain—not Canadian lines but North American Continental Lines—what percentage would be Canadian?—A. To the extent that 24 channels out of 120 would be assigned for Canadian traffic, it means that on a ratio you would have 94 channels for use for traffic in transit through the United States and 24 channels out of 120, so that for the handling of Canadian terminal traffic—

Q. That would be one-fifth approximately of the coaxial cable?—A. That is right.

Q. And the Canadian government has no way of setting the rate which you charge for that?—A. I realize that is an important point, and I do not want it to be misunderstood. The position has been made quite clear to me quite recently by the Department of Transport people, and they are probably right. They are the people who administer the department and they are probably right. But we must have been under a misunderstanding because I have been in the communication service in Canada for over a quarter of a century and I have dealt with rates, operations, transmission, accounting, and everything; and to my knowledge never at any time have we altered any rate—that is, out of Canada—without first referring the matter to the Department of Transport.

Q. There is a difference between referring it to them and asking them for their permission.—A. There has been very little change made in the rate structure.

Q. You are saving 20 per cent or one-fifth of the capacity of this cable for Canada?—A. I am asking for it.

Q. Well, if it comes in, Canada will have available for itself one-fifth of the capacity of the cable?—A. That is right.

Q. And if you maintain your business, this is the actual surplus we have available for the Canadian people?—A. Certainly. I would not consider that Canadian traffic was still considered to be overloaded.

By Mr. Langlois:

Q. In this respect, what percentage of your business is done in Canada as compared to the business you do in the United States?—A. I could get it for you, but it would be difficult to break down, because you could have traffic from South America going to Paris, and that traffic might well go over one of our cables from South America into New York and be transmitted over that same cable that transmits to Canada. Therefore, if I should give you the over-all volume, it would include traffic from South America as well as traffic from the United States. But we have a breakdown of our own traffic.

Q. Could you give approximately the communications which either originate in the United States or which terminate in the United States?—A. I could get that for you. If I gave it to you now it would be purely a guess.

By Mr. Hosking:

Q. This looks to me like the situation we run into in connection with the dress business in its competition between Canada and the United States.—A. Our Canadian traffic is, roughly, 60 per cent; no, it is 20 per cent of the over-all volume of traffic handled over the trans-Atlantic system.

Q. As I said, this situation looks to me like the dress situation. In the United States they make dresses, and their season is considerably ahead of ours, maybe a week or two; and they put those dresses on sale in the United States at their real cost price.—A. Yes.

Q. And anything they have left over—because our season is later than theirs—they bring them up here and dump them here, and they say they offered them for sale in the United States at a certain price, but we are getting the back-end of this thing with one-fifth of those outlets coming to Canada, while four-fifths of them are going to the United States?—A. That is right.

Q. So you are put in a very inferior competitive position as between any one dealing with Canada and the United States, and there is no way we can cut the rates.—A. Let me say right now that it has not been our intention at any time to start a rate war.

Q. You admit that you have no control?—A. No, I do not admit it. I am sure the minister is well aware of the legal wording of the Telegraph Act and I would not question his decision; but from the time I started at Quebec City in the telegraph business 27 years ago, and to this date, in the 27 years in which I have been in the business, we have never at any time altered any rate without reference to the Department of Transport.

About five years ago the whole rate structure was altered in Canada. At that time the Department of Transport called a meeting of representatives of the companies at Ottawa to look over this rate structure. We made a few suggestions for changes. Some were refused and some were accepted, and by whom? By the Department of Transport; and that last tariff was arrived at a meeting which was chaired by the Department of Transport, and at which all the carriers were represented. I represented Commercial Cable Company at that meeting. We had made certain suggestions for alterations in the tariff. Some of them were turned down while others were accepted unanimously.

We realize that we could apply for a two cents per pound increase, but if the other carriers did not do it too, we would not be competitive. The fact remain that in this last tariff the only important changes made were arrived at and set up at a meeting chaired by the Department of Transport at which all the carrier companies were represented.

In our opinion, that gives us—and believe me I might be wrong in this—but it gives us the idea that the Department of Transport had approved this tariff.

By Mr. Langlois:

Q. You said that the decision was unanimous.—A. Finally they were, but we, on behalf of Commercial Cable Company made certain changes.

In the communication field you have outlets at terminals, and pay-out in transit. In some cases C.O.T.C., if its route is around the world, may have more pay-outs. You may have to pay out four transit rates in a transmission; but it would be unfair to the Commercial Cable Company to say to the C.O.T.C. "We do not agree to your rate, let us say, to Rio de Janiero". We have five or six lines there but we cannot operate at a five cents rate because we have to make pay-out through London, and they say "That is fine".

By Mr. Johnston (Bow River):

Q. What is the position regarding rates as between you, in the present situation, and your competitor, C.O.T.C.?—A. We could apply for a new rate, ourselves, but we would not do so until we had conferred with the other companies concerned. As I said before, your rates must be competitive, they must be the same, otherwise it is practically impossible for a company or an organization which has a communication requirement, if you have to refer to the tariff each time and say "What is this going to cost us?" Therefore, there has to be a uniform tariff.

By Mr. Hosking:

Q. What would the tariff be, let us say, from New York to London as compared with the tariff on the same message from London to Halifax?—A. About four cents a word higher.

Q. From New York?—A. That is right.

Q. Why?—A. Because the rate is higher, and it is based on a decision accepted by the Federal Communications Commission, that all tariff applications would be made to the Federal Communications Commission either to

increase your rate or to reduce them. And they will give the reason therefore. The fact that the rate is higher may be that the cost of equipment is higher at the terminal end. It may be that the salaries they have to pay operators may be higher. I am just giving that as an example.

Q. It may also be that on four-fifths of your business you get four more cents per words, is that correct?—A. I beg your pardon?

Q. For four-fifths of your business over these cables you get four cents more per word?—A. That is correct.

Q. Therefore, if you are competing with Canadian companies carrying messages from Canada into Great Britain you could have a much cheaper rate in Canada and give them particularly unfair competition due to the large volume at a high price that you have from the United States?—A. As I said before, we have never done that. It is not our intention to start a rate war, and it is not our intention to cut rates; and we are quite prepared to give that understanding.

Q. You have an agreement whereby you can charge 25 cents a word. That was a long time ago. It is much below that now?—A. Yes.

Q. We cannot stop you from raising the rate. We have no control unless you raise the rate above this 25 cents per word, but below that you are free to do as you wish?—A. We are prepared to give that understanding, not to alter any rates whatsoever without reference to the appropriate government department.

Q. "Without reference" is different from "without permission".—A. Without permission, provided that the same applies for all other carriers operating in Canada.

By Mr. Green:

Q. Would the C.O.T.C.'s rate from New York to London be the same as your rate?—A. That is correct. That is, the R.C.A. is on par with the B.P.O. The rates are exactly the same.

By Mr. Hamilton (York West):

Q. Would they have the same proportion of volume of business out of New York?—A. Actually in the case of R.C.A., they have no facilities from Canada except to the extent that they do have an interconnecting circuit with the C.O.T.C. between Montreal and New York, I believe it is.

By Mr. Barnett:

Q. Mr. Chairman, I wonder if I could ask one or two questions relating directly to the objection, you make to the passage of Bill 212. Now, as I read the bill, there is certainly no reference in that bill to the Commercial Cable Company?—A. That is correct.

Q. I believe that one of your spokesmen yesterday said that you had no objection to the licensing principles, as such, which were set forth in the bill? —A. Right.

Q. Now, as far as I can see in the brief you have submitted, the only direct documentary evidence that Bill 212 as is presently provided, might work to your disadvantage, is in this letter, which you submitted as Exhibit "D" from the Minister of Transport, dated February 9, 1955. I would like to ask one or two questions relating to the contents of that letter.—A. Yes, sir.

Q. Now, in the letter the minister says, "The government is prepared, subject to compliance by the company with all statutory requirements, to grant authority for the landing of the proposed cable,—". Now, in previous discussion it had been brought out that of the 120 circuits in that cable, 96 are to be for use for the United States business, and 24 for Canada. Now, I

would like to ask, is the financial feasibility of the laying of this new cable contingent upon whether or not you get the 24 outlets, or permission for the 24 outlets into Canada?—A. As far as I am concerned, yes. I am mainly concerned with managing the Canadian affairs for the company, and I also provide the service that is required of us by Canadians.

Q. What about the views of the representatives from the New York end of the business?

Mr. HENDERSON: Mr. Chairman, that is the view of the company.

By Mr. Barnett:

Q. Then, if I might pursue that question in relation to the letter, it is set forth below that there are certain conditions under which apparently the minister would be willing to agree that you have a free hand in Canadian trade, or that outlets would be available to you in Canada, and it mentions defence. And then subsection 2: "Commercial purposes in respect of circuits leased to Canadian Overseas Telecommunication Corporation."—A. Yes.

Q. Now, what I would like to know is: have you had any discussions with C.O.T.C. in respect to whether or not they are prepared to leave those circuits which you propose to have available for Canadian use?—A. I would not say officially, no. But, I have had some unofficial talks, and the impression I got was that the facilities that will be made available to C.O.T.C. out of the new A.T.T.-B.O.P.-C.O.T.C. cable will be quite adequate to serve their needs for the foreseeable future. So, if we went ahead and built the cable on the possibility that they may, at some future date, require some of those facilities, it would be, and I am quite sure you would agree, uneconomical. Because, as I said, they have no requirement now. If we had a cable available tomorrow they probably would not have any use for any of those facilities. They may at some time in the future.

There is also this to remember, that occasionally your cables go out of commission. It may be due to mechanical failure; it may be due to a freak accident. I can give you a case: we recently had one of our cables in Newfoundland uprooted because of a bulldozer. So, a cable is out of commission; the same thing can apply to C.O.T.C., and the same applies to Western Union, and you have no alternate routes in such a case. I might say, we had a very pleasant arrangement in Canada with the C.O.T.C. whereby they will transfer to us if we are in trouble, and we will do the same. But if you eliminate all facilities except the one route, namely the C.O.T.C., when that route is interrupted you have no facilities, and you have no alternate route except, perhaps, the Wireless. There again, the Wireless is not secure; and is also subject to atmospheric disturbances which might put the circuit out of commission for many hours.

Q. Would not the fact, that you have just mentioned, in regard to the need for alternate routes make it likely that C.O.T.C. would be willing to enter into some arrangements?—A. They may, as I say, under those circumstances. But, it will be uneconomical for us to build a cable to provide facilities for the C.O.T.C. to be used only, if, and when their own facilities are interrupted. There may be months go by without it happening at all. So, I mean, it would not economically be sound in a business way to build a cable to provide alternate facilities for a competitive company in the event its facilities are interrupted.

Q. Coming back to my first question in relation to the feasibility of the cable, would you be prepared to submit any material in respect to the economics involved?—A. I could give you the answer to the orignal thing, sir.

Q. It appears to me that the percentage of Canadian business that you anticipate in respect to the cable is a relatively minor one?—A. Oh, it is now. But it is very important to us.

Q. And it is a little difficult to understand why the question as to whether or not the few Canadian circuits are available to you, should be the determining one in respect to the laying of the coaxial cable when, as I read the minister's letter, apparently there is no substantial objection to your using Canadian territory as a landing point for that cable.—A. That is true. But, there is no point in laying a cable unless you can use it. If you have no outlets it is not of any use. As you say, perhaps it is true that C.O.T.C. would lease facilities from us in the event that their facilities are disrupted, or out of commission temporarily. But, that would be, as I say, most uneconomical to have that cable landing there and just be there to be used in the event of the facilities of a competing company being out of commssion.

By Mr. Johnston (Bow River):

Q. May I ask a question. Can you tell the committee whether or not in the United States a company which is operating there can increase their outlets without permission from the United States government?—A. I would ask Mr. Henderson, or Mr. Kennedy to answer that.

Mr. James A. Kennedy, Vice President and General Counsel, Commercial Cable Company, called:

The WITNESS: I would say, Mr. Chairman, and I would say, sir, as to the ready facilities—

By Mr. Johnston (Bow River):

Q. I am speaking about these cables.—A. As to increasing the capacity of the existing cables you would not have to get approval.

Q. I am asking about increasing the outlets.—A. It is a little difficult for me to understand just what you mean.

Q. Well, you are asking—A. I would say no.

Q. You are asking that you have 12 more outlets in Canada?

Hon. Mr. MARLER: Twenty-four more.

By Mr. Johnston (Bow River):

Q. Oh, 24 more altogether. Now, can you go into the United States and increase your outlets by 24 without getting permission from the United States government?—A. From existing cables we can, sir.

Q. From existing cables?—A. From existing cables.

Q. What about from a new cable, can you?—A. From a new cable all we have to do is to get a landing license, which has no restrictions of use as to capacity, with no regulatory authority for the laying of the cable. It is merely a license.

Q. What is the difference between that and the position you would be in if Bill 212 passes? Because, as I understand this, and I am looking at the licence section, section 41 which says: "(a) operate an external submarine cable; or (b) construct, alter, maintain or operate an external submarine cable except under and in accordance with a licence issued under this Part."

Now, that means that this bill proposed today is to put into force a licencing system almost identical to the one in the United States?—A. No, sir, I must differ from you.

Q. What is the difference?—A. I must say, that as I stated, in the United States there is a very simple licensing act. There is no authority for issuing regulations concerning the landing of the cable. All it says is that you have to get authority to land a cable before you can land it, and that is all.

Q. That is all this is doing, is it not?—A. No, sir. It says, "subject to the regulatory power."

By Mr. Green:

Q. Read page two.—A. On page two.

By Mr. Johnston (Bow River):

Q. In section 41 it just gives the government the power to issue these licenses under certain conditions?—A. Yes.

Q. It says, "The governor in council may make regulations (a) providing for the issue of licences for the purposes of this Part;"

Is that not exactly the same with the United States too?—A. No, sir.

Q. You have got to get permission before you can land one of these outlets? —A. I would say that, generally, with more wordage, the licensing act of the United States is very much like—or could be construed as very much like paragraph 41 here. There is no question that you can land a cable without a licence. That is very similar to the United States act. But, our act there has no comparable provisions as paragraphs 42 and 43 in Bill 212.

Q. You mean to say then that in the United States they have no regulations whatsoever regarding the operation of an outlet in the United States?— A. No, sir.

Q. Once you get the outlet you can do anything you like?—A. Yes. They have regulatory powers over rates, of course. But, how you use those outlets once you land the cable, they have no interference whatsoever.

Q. Have you got the United States bill?—A. Yes, sir.

Q. I wonder if we could have copies of that, Mr. Chairman, if the witness has enough available for each member of the committee, so that we will be in a position to compare the legislation in the United States with the legislation proposed here in this bill?—A. I am sorry, sir.

The CHAIRMAN: I think it would be just as well to table it, would it not?

Hon. Mr. MARLER: Table one copy.

The CHAIRMAN: Just one copy.

The WITNESS: I have only the one, sir.

Mr. JOHNSTON (*Bow River*): We could have that tabled, and then it could be put in as an appendix to the report of proceedings.

By Mr. Hahn:

Q. Is there a section in that that deals specifically with the situation where you can put outlets, or where permission is granted that you can add to that?— A. No, sir, there is not.

By Mr. Johnston (Bow River):

Q. You have no objection to section 41, but most of your objection is centered on section 42?—A. Yes, sir. I believe Mr. Corlett stated that yesterday in his brief.

Mr. GREEN: The objection, as I understand it, is that they have already been told they cannot get any outlets.

Mr. JOHNSTON (*Bow River*): I suppose you would have to have the minister answer that, but I would doubt if the purpose of this legislation is to exclude the operation of this company, but merely to make it come under the regulations.

Hon. Mr. MARLER: That is right, Mr. Johnston.

Mr. GREEN: That is not the complaint at all. They say they have been told they are not going to get any outlets.

Mr. JOHNSTON (*Bow River*): Maybe the minister could put us clear on that.

Hon. Mr. MARLER: Mr. Chairman, I think it would be more sensible if we were to finish dealing with the witnesses before I start trying to set forth what I consider to be my own side of the question.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, it does seem to me that if the government's intention is not to exclude this company, that would give an entirely different picture with respect to what the committee here would be prepared to listen to from the witnesses that are speaking, because there might be a lot of extraneous stuff put on the record that is of no use.

Mr. MARTIN: May I say this, sir, we have already been excluded in that our application has been refused.

Hon. Mr. MARLER: Mr. Chairman, Mr. Martin says the company's application was refused. The letter was given to Mr. Maclaren and forms part of the company's brief. I think everybody is perfectly free to interpret the letter that was given, and I do not think it should be regarded as a refusal.

Mr. HAMILTON (*York West*): Mr. Chairman, I would suggest that if the minister is not going to make any statement about it now, that the committee consider that these witnesses can be recalled after he does make his statement, if there is anything that should be said in rebuttal.

Hon Mr. MARLER: I think that is perfectly reasonable, Mr. Chairman. But, I think the members of the committee would appreciate that inasmuch as I am not calling the witnesses, it would be most inappropriate for me to make a statement in the middle of the testimony of the witnesses.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, at this point, may I move that the United States bill be printed as an appendix to the proceedings? I suppose we have to have that motion before it can be done.

Mr. CAMPBELL: Mr. Chairman, the bill does not seem to be very long. How would it be if this gentleman read it?

Mr. JOHNSTON (*Bow River*): We have that motion now. We have been talking about it, can we decide on it?

The CHAIRMAN: Mr. Johnston moves that this be put in the minutes.

Carried.

Mr. GREEN: Is it very long Mr. Chairman? Perhaps it could be read to us right now.

Mr. LANGLOIS (*Gaspe*): One is very long, I understand. There are two of them.

Mr. HAHN: There is just one page there.

Mr. CORLETT: There are three sections, I understand, Mr. Chairman.

The CHAIRMAN: It will go in the minutes.

Mr. CAMPBELL: I move we have it read.

The CHAIRMAN: It has been moved by Mr. Johnston (*Bow River*) that it goes in the minutes.

Mr. CAMPBELL: That does not preclude reading it, surely?

The CHAIRMAN: Will you withdraw your motion?

Mr. JOHNSTON (*Bow River*): No, I do not think I will withdraw the motion. You have already put the motion and it has been decided.

Mr. CAMPBELL: It should be read now. We cannot see it for two weeks.

Mr. JOHNSTON (*Bow River*): If they wish to have it read now I have no objection.

The CHAIRMAN: Would you like to have it read? I think we better have it read.

Mr. JOHNSTON (*Bow River*): You will notice, Mr. Chairman, that I am asking that the whole bill be put in, not just certain sections of it. I do not care what section he wants to read, that is a different thing, but the committee has already agreed to have the bill printed, and I do not care what action you take from there on.

The WITNESS: Mr. Chairman, may I say that in my opinion, and to the best of my knowledge this is the entire act as it applies to the landing of cables. But, it so happens that the sections are there because of other material that is in the same act. But, I will be glad to check that and be sure of that. But, to my knowledge this is the whole act as it refers to the landing of cables. It is generally known as the Cable Landing License Act, sections 34, 35 and 36:

> 34. Licenses for landing or operating cables connecting United States with foreign country; necessity for. No person shall land or operate in the United States any submarine cable directly or indirectly connecting the United States with any foreign country, or connecting one portion of the United States with any other portion thereof, unless a written license to land or operate such cable has been issued by the President of the United States. The conditions of sections 34 to 39 of this title shall not apply to cables, all of which, including both terminals, lie wholly within the continental United States.
>
> 35. Same; withholding or revoking by President; terms and conditions of licenses. The President may withhold or revoke such license when he shall be satisfied after due notice and hearing that such action will assist in securing rights for the landing or operation of cables in foreign countries, or in maintaining the rights or interests of the United States or of its citizens in foreign countries, or will promote the security of the United States, or may grant such license upon such terms as shall be necessary to assure just and reasonable rates and service in the operation and use of cables so licensed. The license shall not contain terms or conditions granting to the licensee exclusive rights of landing or of operation in the United States. Nothing herein contained shall be construed to limit the power and jurisdiction heretofore granted the Interstate Commerce Commission with respect to the transmission of messages.
>
> 36. Same; preventing landing or operating of cables. The President is empowered to prevent the landing of any cable about to be landed in violation of sections 34 to 39 of this title. When any such cable is about to be or is landed or is being operated without a license, any district court of the United States exercising jurisdiction in the district in which such cable is about to be or is landed, or any district court of the United States having jurisdiction of the parties, shall have jurisdiction, at the suit of the United States, to enjoin the landing or operation of such cable or to compel, by injunction, the removal thereof.

By Mr. Johnston (Bow River):

Q. Are there any regulations pertaining to the operating of the cable?—A. No, sir.

By Mr. Herridge:

Q. Could I ask you this question: is your act voluminous, and does it contain a lot of other sections on other matters?—A. No, sir.

Q. This is your act?—A. This is the entire act.

By Mr. Carter:

Q. Are there any other acts pertaining to cables, messages or telegraphs?—A. Not with respect to the landing of cables. But, as I say, this is a part of a larger act.

By Mr. Herridge:

Q. That is the point.—A. It has nothing to do with the landing of cables.

Q. We had a motion that the entire act be printed. Now, that is an unnecessary expense, I submit, Mr. Chairman to this government; and we are concerned, in this party, in the saving of money on the part of the taxpayers of Canada. I suggest that it is quite sufficient to print this in the record. We do not want a lot of material printed that has nothing to do with the question.

Hon. Mr. MARLER: I do not think Mr. Johnston expected that the whole piece of legislation would be printed on the record.

By Mr. Johnston (Bow River):

Q. What I am concerned with is the operating of the landing, and its regulations.—A. There are no regulations, sir.

By Mr. Carter:

Q. Just at that point, did you not refer to a federal state commission there? You read out something about a federal state commission having some power with regard to the transmission of messages?—A. Yes, that is said there. "Nothing herein contained shall be construed to limit the power and jurisdiction heretofore granted the Interstate Commerce Commission with respect to the transmission of messages", which is now a federal commission with respect to the fixing of rates, or whatever jurisdiction they have.

Q. Yes, but what jurisdiction do they have apart from the fixing of rates? —A. They have jurisdiction over all cables and radio carriers with respect to rates, tariffs, and financial reports. In other words, it is a general regulatory body, but it does not affect these landing licences.

By Mr. Johnston (Bow River):

Q. Mr. Chairman, the only thing I have reference to is the part of the act which deals with this particular question.—A. That is it, sir.

Q. I am not concerned with the original act that is two or three inches thick. Of course, we do not want that in the records. But, I am concerned with,—and I would amend the motion to that extent, with just what information that deals with this particular question.

By Mr. Campbell:

Q. In section 35 there were the three words you read, "upon such terms". Would that not signify that there were regulations?—A. Not to my reading it does not, sir. Of course, it is limited to "upon such terms" to ensure fair and equitable rates, I think it says, if I recall the thing right. But, there are no regulations, I can assure you.

Mr. BARNETT: Mr. Chairman, on this point, I listened as carefully as I could to the reading of the act, and as I understand it, the act passed, I presume, by the Congress of the United States, confers upon the President of the United States, the executive, certain authority. Now, I must confess, that I would like to hear some spokesman for the Commercial Cable Company be a little more explicit in regard to why they feel the effects of the bill we have before us would confer greater powers upon the executive of the government of Canada than that act does upon the executive of the United States.

Now, might it not be simply a difference in the structures of government of the two countries? In other words, where the President exercises the authority in the United States, the governor in council does in Canada? Now, perhaps Congress does not follow through the procedure, which is quite normal with us, of providing in the bill that the executive has the authority to make regulations? Perhaps it is not regulated, by practice, in the United States, but it is specifically stated in the bill that the executive has the authority.

Now, I would like to know why you consider that this clause 42 in this bill confers greater powers on the executive of Canada than that bill does on the executive of the United States?

Mr. GREEN: Mr. Chairman, perhaps it would simplify the matter a bit if we looked at section 41 of the new bill, which provides that: "No person shall in Canada—operate". It does not say anything about landing, which is the United States provision. It says, "No person shall in Canada—operate an external submarine cable;".

Mr. JOHNSTON (*Bow River*): It is the same thing in the American bill—land or operate.

Mr. GREEN: "—construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable.

Except under and in accordance with a licence issued under this part."

That seems to me to go considerably further than the American bill does.

Hon. Mr. MARLER: The American legislation as I understand it used the words "land or operate".

Mr. JOHNSTON (*Bow River*): The same thing.

Mr. BARNETT: I would like to hear why they feel this gives wider power than the American bill. I think they should make it more explicit.

Mr. HAMILTON (*York West*): Probably they feel that way because they have already been told.

Mr. BARNETT: The bill gives the President of the United States the same power to decide whether or not he is going to issue the licence.

By Mr. Hahn:

Q. Possibly the answer to this question might be the answer to the whole thing. If you have, as you have today, the right to operate and to land a cable in the United States, does that automatically give you the right to add any additional number of cables in the United States?—A. Mr. Chairman, we have not had an opportunity to test that. I might say, to my knowledge it has never been tested. But, I am sure that if we should lay this new cable, or any cable, we would seek authority to land it before doing so, under that act that I just read, and I would not anticipate any difficulty either. So far as I know there has never been a landing refused in the United States.

As you know, the British companies used to operate cables through New York and into the United States; The Anglo-American, from which Western Union now has a lease, which was originally 99 years, and which runs into

Canada, have operated cables into New York, but they saw fit to lease their cables to Western Union. The French Cable Company operates cables into New York at this time and has for many years. In earlier days several other British companies operated cables into the United States. As I said, I know of no instance that a cable landing licence has ever been refused to any company, regardless of nationality.

I might add this, that as of this moment Cable and Wireless operates cables into Puerto Rico and the Virgin Islands, United States possessions, and no landing licence has ever been required. So, the Cable Landing Licence Act that I have read to you, for the United States, has always been considered a very simple document, and that before you land you get the approval, and that is all. There are no regulations at all.

Mr. HAHN: Mr. Chairman, you made your plans some time ago, before this Bill 212 came to our attention, as I understand it. Before we brought in this bill it was not necessary to get permission from the federal government in Canada either.

Hon. Mr. MARLER: That is not correct, Mr. Hahn. Section 22 requires the approval of the governor in council.

Mr. HAHN: I was going to say, though, they require the same authority, according to the act I just heard read, from the United States President.

Hon. Mr. MARLER: That is right.

By Mr. Hahn:

Q. Would you go ahead and build a cable without getting approval for 96 outlets into the United States?—A. No, sir.

Q. You would get the approval from them first?—A. Yes.

Q. So you are in fact coming to Canada first for approval for 24 outlets in Canada?—A. Yes, sir.

Q. Having got approval, if we see fit to give you approval, then you will go to London, and to Washington to get approval from them likewise?—A. I might say, sir, in answer to that, the whole thing was taken up originally simultaneously. We have kept the United States government advised of every step. They know our plans and they know exactly what we are going to try to do and hope to do. We have, you might say, kept them advised so that at the appropriate time we were going to ask for a simple licence.

Q. Up to now you have no reason to believe that you will be refused in the United States?—A. We have not, sir. In other words, before we went to the United Kingdom and before we first came to Canada we received in writing what they call "an approval in principle". They did not—we did not ask for a general approval licence, a formal licence, but we have a document from them approving the project in principle.

Q. On the other hand, in London, it would appear from the information we received yesterday, that you may not receive approval at that point, that is in the British area? That causes me to ask this question: if permission were denied in London and granted in Canada, where would your outlet be in Europe?—A. We have had under possibility several places, as Mr. Henderson said yesterday. We have even had some informal discussions with some of the German authorities. There is the possibility of Belgium or France. But, as I said, and as Mr. Henderson said, those have only been tentative inasmuch as we first want to know definitely whether the United Kingdom will finally agree, or whether they will not.

Q. If the United Kingdom does not agree, and you get an outlet into one of these other countries, have you facilities from that point in Europe, at this time, to London to carry extra messages that would be carried from Canada and the United States to that point in Europe?—A. Yes, we would. Because we have direct cables now into France, into Germany, into Belgium.

Q. Would they be able to carry that additional load?—A. I believe so, sir, certainly. That could be easily estimated because we lease facilities over that from the United Kingdom to Holland and possibly to some other countries in addition to having our own cable.

Q. If you are being denied the right to have outlets in the United Kingdom at this time, is it likely that if you need additional facilities from Europe into the United Kingdom that you would be granted such a permit by the United Kingdom?—A. Well, we might. That is a problem, and I do not know.

Mr. LANGLOIS: Mr. Chairman, might I make a suggestion to the committee? I have before me the Communications Act of 1934 as amended, and since the other act has been read into the record, for the benefit of the committee I thought that the two short subsections of the Communications Act of 1934 should also be read into the record. So with your permission—if the committee is willing—I am prepared to read these two short sections, which give authority to the Federal Communications Commission.

The WITNESS: Is that the Canadian act?

Mr. LANGLOIS: No, it is the American act which gives authority to the Federal Communications Commission over the station licences under the act which was read previously.

Mr. JOHNSTON (*Bow River*): I would agree to that.

Mr. LANGLOIS: Section 308 of the Communications Act of 1934 paragraph (c) reads as follows:

> The commission in granting any licence for a station intended or used for commercial communication between the United States or any territory or possession, continental or insular, subject to the jurisdiction of the United States, and any foreign country, may impose any terms, conditions, or restrictions authorized to be imposed with respect to submarine-cable licences by section 2 of an act entitled "An act relating to the landing and the operation of submarine cables in the United States", approved May 24, 1921.

That is the end of that section. And there is another subsection, in section 602 paragraph (c). The title is "Repeals and Amendments", and subsection (c) reads as follows:

> The last sentence of section 2 of the act entitled "An act relating to the landing and operation of submarine cables in the United States", approved May 27, 1921, is amended to read as follows: "Nothing herein contained shall be construed to limit the power and jurisdiction of the Federal Communications Commission with respect to the transmission of messages".

The WITNESS: May I make an explanation? The first quotation which I read referred to the radio licence, which has nothing to do with the cable licence, but it does say, as the gentleman read, that the commission—and that means the Federal Communications Commission—may impose in addition to many others in radio—may impose such terms and conditions in a radio licence as may be imposed in a cable licence. Then you referred to the cable licence; so that gives them the same authority to put into a radio licence what you put into the cable licence; but with respect to radio licences, there are many, many terms and conditions which are authorized and which are actually written into the licence. With respect to the last clause read by the gentleman, in section 602, it merely referred to the Federal Communications Commission and their jurisdiction which had heretofore been in the Interstate Commerce Commission which I read to you in the Cable Landing Licence Act, and if you recall it, that act only took away the jurisdiction which may be in the Interstate Commerce Commission.

When the Federal Communications Commission was created, the Communication Act was passed in 1934—there was that change which the gentleman read which was necessary because it transferred from the Interstate Commerce Commission its jurisdiction as to the rates and so on over to the Federal Communications Commission.

By Mr. Johnston (Bow River):

Q. Are there any limitations or regulations written into the licence which is granted in the United States in regard to cables?—A. There are, but only to the extent of insuring the equitable rates, as the licence prescribes and the landing points, but nothing beyond what the licence authorizes.

Mr. E. A. Martin, Canadian Manager, Commercial Cable Company, Montreal, recalled:

By Mr. Nesbitt:

Q. I would like to ask Mr. Martin a question regarding section 42 which, I take it, is the section of the bill which worries the Commercial Cable Company. Looking at the various subsections *a, b, c, d,* and *e,* one would gather from the terms of this section that providing that the governor in council may make regulations respecting applications for licences and prescribing the information to be furnished by the applicants and prescribing the duration, terms and conditions of licences and the fees for the issue thereof, while paragraph (*d*) provides for the cancellation or suspension of licences for failure to comply with the terms and conditions thereof, I suppose the problem which worries the Commercial Cable Company is whether this section is in fact a type of licensing section which is similar to the type of licences or the issue of a licence for the ownership of a motor vehicle, which is automatically granted provided certain conditions are fulfilled as prescribed, or whether the Minister of Transport or the Department of Transport has the power to refuse a licence, even if the terms and conditions are fulfilled. But from the wording of the section it would seem that is not the case; however, the letter which Commercial Cable Company received from the minister would indicate that the department does have the power and the intention to use such power to refuse a licence except in specific conditions; in other words, even if Commercial Cable Company fulfilled all the terms and conditions required of any company wanting a licence, even under those conditions the department feels that it has the authority to refuse a licence, even if the terms and conditions are fully met. Is that correct?—A. We feel that we are already licensed under our Canadian charter as we understand it. Or course, I am purely a layman in legal matters. Perhaps Mr. Corlett could explain it better, but our position is that the purpose of this bill is to apply regulations and conditions under which we operate these cables, not knowing what they are, as I read it, and this would give the Department of Transport very wide powers indeed.

For example, in the case of our last application, they said that we could land a cable, but we must use the facilities of the crown corporation, or of a competitor; that you cannot use them for your own traffic. That is the sort of thing we had in mind.

By Mr. Hamilton (York West):

Q. Could we restrict the last question to the minister and ask him if his people in his legal department feel that this section 42 does give the right of refusal of a licence?

Hon. Mr. MARLER: I was going to intervene to say that I think the committee should appreciate that there is a distinction between a licence contemplated under this bill, and the landing licence which has been the subject of correspondence between myself and the representatives of Commercial Cable Company. I do not think there is any question—and I shall deal with that more fully later on—I do not think there is any question that if the governor in council wished to do so, he could refuse completely to grant a landing permit for a new cable. So far, however, as the licensing system is concerned, I propose to assure the committee that the licensing provisions are not designed to put anybody out of business. The licence will be issued to the cable company and it will enable them to carry on as they have been carrying on at the present time, subject to the conditions which will have to be elaborated upon and which I think will be fair to all concerned.

Mr. GREEN: What about the landing licence if it says that you could only use this cable for defence purposes or to carry messages for C.O.T.C.?

Hon. Mr. MARLER: I do not want the committee to be under any misapprehension about the landing licence. The landing licence is not at issue in this bill at all. The only question at issue in this bill is whether or not we should have a licensing system. I know that the committee would like me to go beyond that, and I in turn would like the committee to know all the facts concerning the refusal or the position that the government has taken with regard to the Commercial Cable Company's application.

I think they are satisfied that the decision we have taken is a sound one, but I do not think this is the appropriate time for me to deal with that question. What I want to emphasize first is, that there is a distinction between the landing permit which is something required in order to place a cable on Canadian soil, and the licence which is contemplated by the new legislation which is in fact the licensing of the operation of the cable.

Mr. NICHOLSON: We have had a long discussion and it would seem to me that we might conclude the discussion as presented by this brief and give the minister an opportunity to make a statement with the understanding that the witnesses would be available to be examined later on if we are not satisfied with the information we have had, and I suggest at this point that we proceed.

Mr. GREEN: No, not until we are through with our other witnesses as well.

Mr. NESBITT: The minister made a distinction between a landing permit and the licensing regulation. They are tied together of course inasmuch as section 41 ties in with section 42.

Hon. Mr. MARLER: I want it to be perfectly clear that section 41 and section 42 do not deal with landing permits. That comes under section 22 of the Telegraphs Act.

Mr. NESBITT: I have only one question to ask the minister and it is this: under the regulations which may be set up by the governor in council in section 42, provided that any company which might wish to be licensed fulfills those regulations which are set out, would the department and the minister have the power to refuse a licence if the conditions were fulfilled as set out in the regulations?

Hon. Mr. MARLER: Refuse which licence?

Mr. NESBITT: To refuse the licence under the new legislation? Under section 42 it says:

"The governor in council may make regulations (*a*) providing for the issue of licences for the purposes of this part;" ... and so on

and if all those conditions were fulfilled by any company requiring a licence, then could the minister still refuse a licence?

Hon. Mr. MARLER: I would like to reflect on that question before I answer it too hastily. I would like to examine the position to see what it really means.

Mr. NESBITT: I thought that was the crux of the situation.

Mr. GREEN: The regulations could always be changed.

Mr. BELL: It is contained in seciton 42, paragraph (e).

Mr. NESBITT: What we would like to know is this: do the Department of Justice officials feel under these provisions here that there is the absolute right of refusal notwithstanding compliance with the mechanical form of the application?

Hon. Mr. MARLER: An application of what kind?

Mr. NESBITT: For this type of licence?

Hon. Mr. MARLER: We shall try to answer that question.

By Mr. Carter:

Q. Your present cable lands somewhere in Canada? It lands in Newfoundland?—A. Some of them land in Canso and some in St. John's.

Q. You have nine and one half channels?—A. Yes.

Q. Are they all in the one cable?—A. No, in six cables.

Q. All six of them land somewhere in Canada?—A. Either at Canso or at St. John's; and in some cases at both places.

By Mr. Hahn:

Q. In exhibit "d" the words used by Mr. Marler are:

> ".....the application of Commercial Cable Company to land on the coast of Canada a new trans-Atlantic coaxial cable".

That is just the one cable?

Hon. Mr. MARLER: That is under section 22.

Mr. HAHN: The minister says that the reference is to section 22, but I would like Mr. Martin to let us know if he interprets section 42 of this bill as referring to the landing of a cable, and that is the reason his company takes exception to the bill?

The WITNESS: No. Perhaps that is a legal question which Mr. Corlett could answer, but I would say that the objection in this letter is that we are unable to terminate circuits in Canada for the purpose of handling Canadian traffic for which there is a demand. I want to make it very clear when I say that there is a demand. I want to make it very clear that that demand exists.

I travel from coast to coast in Canada at least once a year through all the provinces to see how our services are, and I have talked to some people with respect to the service delay, and I can say most emphatically that they are not satisfied with the present service; they want a more direct service and a faster service, and they say that it is absolutely a necessity to have these additional facilities if they are going to compete in world markets.

By Mr. Hahn:

Q. We can appreciate the need for more services, and we are not disputing that at this time. The question is as to how you interpret Bill 212, section 42?

Mr. CORLETT: In so far as the proposed section 42 is concerned, in view of the past history of this company in the last two years we are fearful that in the set-up in paragraph (c) particularly, that it could be used to justify the denial of our—"prescribing the duration, terms and conditions of licenses and the fees for the issue thereof"—that it might be construed pretty widely. And then going on to paragraph (e) "generally for carrying the purposes and

provisions of this part into effect"—the company as such has no right to object to licensing, but I think we must remember that you already have a licensing provision in another subsection of the act, namely subsection 22, and another form of licensing in sections 24 and 25; and we are fearful from the experience we had in 1954 and 1955 of that justification in the future for denying this company, or not permitting it to have Canadian outlets for this new cable would be justified under this new section 42 (c).

Mr. HAMILTON (*York West*): In other words, those conditions could be made so onerous that you could not comply with them. They could be made that way?

Mr. CORLETT: Yes.

Mr. NESBITT: You fear possibly that the regulations set out in section 42 might even go to the extent that they would favour one company as against another because the conditions under which different companies operate are naturally different?

Mr. CORLETT: In answer to that question that could be the result because the language of the classes prescribing the duration, terms and conditions of licences and the fees for the issue thereof could be construed by the department in that way.

Mr. NESBITT: They might very well be so drawn up as to favour the C.O.T.C. as against any other company, and in fact become a discriminatory type of regulations?

Mr. CORLETT: I would say, theoretically, that is quite possible.

By Mr. Carter:

Q. I had not quite finished or received the answer I was leading up to. You told the committee, Mr. Martin, that in Canada there are six cables on Canadian soil with a total of nine channels?—A. That is correct.

Q. What is the comparable figure for the United States? How many cables and how many channels?—A. That is the over-all load; that includes the circuits and the cables at our terminals in the United States. Those six cables come from the United States through Nova Scotia and through Newfoundland and over to the United Kingdom and we have circuits in them.

Q. You have six cables?—A. That is correct.

Q. That is your total?—A. Except that one is no longer operative because it is old, and after 72 years it just does not serve its purpose.

Hon. Mr. MARLER: I would suggest, if the committee had finished asking questions of Mr. Martin, that if there were any other questions which might be addressed to representatives of Commercial Cable Company, perhaps we could dispose of them, and if not, we might allow representatives of Western Union to make such representations as they may wish to make, and then this afternoon we might deal more fully with the bill itself.

Mr. HAMILTON (*York West*): There were two suggestions made concerning amendments by Mr. Corlett, and in reading them it would appear to me that they would afford protection for the company which he represents, but that they would not necessarily afford any protection for any other applicant at a future date. Would it be fair to assume that on my part?

Mr. CORLETT: I would say yes, and that we were only thinking of the position of this company, although we assumed there were other companies who felt that they were in a similar position legally, but they could easily enough have their empowering statute added.

Mr. BARNETT: In the brief from the Commercial Cable Company reference was made at one point to an arrangement with the Canadian Pacific Railway

Telegraphs. I wondered if the Canadian Pacific Railway Telegraphs have indicated any desire to make any representations? Have we any representations from them?

Hon. Mr. MARLER: No.

Mr. BARNETT: In respect to the arrangements made between themselves and the Commercial Cable Company?

Hon. Mr. MARLER: Perhaps the secretary of the committee could tell us.

Mr. BARNETT: I think we should have representations from the Commercial Cable Company in order to understand the viewpoint of the Canadian Pacific Telegraphs Company in connection with the subject matter of this bill.

Mr. KENNEDY: We have a contract with the Canadian Pacific Railway Telegraphs for the handling of traffic at the cable head. We carry the international traffic to the cable head where we turn it over to Canadian Pacific Railway Telegraphs, and they deliver it at various points in Canada.

In a reverse direction, Canadian Pacific Railway Telegraphs pick up for us the international traffic and carry it to the cable head. I can say that the Canadian Pacific Railway Telegraphs are quite willing to carry on with that contract and they have said so.

We have had that traffic agreement with them for the past 72 years, but beyond that I am sorry that I cannot speak for the Canadian Pacific Railway Telegraphs.

Mr. LANGLOIS: Is it not a fact that the Canadian Pacific Railway Telegraphs has a similar arrangement with C.O.T.C. for the handling of their traffic?

Mr. KENNEDY: That is correct; and there are three international carriers operating in and out of Canada. We, the Commercial Cable Company, and the C.O.T.C. work with the Canadian Pacific Railway Telegraphs, while Western Union works through the Canadian National Railways Telegraphs. So that to all intents and purposes, the transmission of traffic to the cable head is handled by the Canadian Pacific Railway from all the carriers, and that means that it is taken over by C.O.T.C. or by Commercial from the Canadian Pacific Railway Telegraphs, while Western Union works in connection with the Canadian National Railways Telegraphs.

By Mr. Batten:

Q. You had agreements with Newfoundland in 1905, 1909, and 1926?—A. Yes.

Q. And on the 1st of April, 1949, you were advised by the Department of Transport that those agreements would be terminated?—A. That is correct.

Q. Within a period of six months, bringing us up to October 1st?—A. Yes.

Q. You were still operating in Newfoundland?—A. That is correct.

Q. Under your old agreement of 1884?—A. No. We were not in Newfoundland until 1905. When the cable landed in 1884 it did not touch Newfoundland; but in 1905 we entered into an agreement with Newfoundland.

Q. And you had an agreement with the Canadian government dated 1884?—A. That is correct.

Q. When your agreements of 1905, 1906 and 1926 were terminated, you then operated in Newfoundland under the terms of your 1884 agreement?—A. Yes.

Q. Was that the only chance you had, to operate under that old agreement?—A. I might say that after the receipt of this letter we referred the matter to our attorney in Montreal and he came to Ottawa and discussed the matter with the Department of Transport.

The result of the interviews he had was that in the first instance he said that the Department of Transport was not aware that we had permission under our 1884 agreement to do business in Canada, but once they realized that we had that 1884 charter, they said: "You can go ahead and do business in Newfoundland on the basis of your 1884 charter".

Q. Do you feel that any of the rights conferred on you through your agreement with Newfoundland were in any way decreased by having to operate in Newfoundland under your 1884 agreement?—A. I believe hat perhaps Mr. Corlett might answer your question. I do not know the terms of that agreement.

Mr. LANGLOIS: Notice of cancellation was given in respect of the 1922 agreement only.

The WITNESS: That is correct. But under its terms we were told that we could not do business in Newfoundland any longer. And when we referred the matter to our attorney, it was then that we discovered that we had this 1884 charter which would permit us to do business in Newfoundland, since Newfoundland was not part of Canada.

Mr. HENDERSON: May I add a word with respect to the agreements in Newfoundland. The 1905, 1909 and 1926 agreements were for the landing of cables. The 1905 agreement also covered traffic handling. There was a later agreement executed with the Newfoundland government, and then the 1922 agreement came about, that traffic agreement, the other agreement was cancelled by the Department of Transport under clause 18. But as I recall it, we have never received any advice that the contracts of 1905, 1909 and 1926 were cancelled. Those contracts, the 1909 and 1926 contracts, gave us the right to land one cable and any cable thereafter without any proviso other than of the 1884 proviso.

We had an agreement with the Provincial Telegraph System in Newfoundland under our 1922 agreement for handling traffic to and from Newfoundland over their lines; and as I said yesterday, when that agreement was cancelled, then in order to be able to handle local traffic between Newfoundland and Canada we executed an agreement with the Canadian Pacific Railway Telegraphs to be their agent in Canada for the handling of that traffic in St. John's and for the handling of that traffic and we continued to handle international traffic thereafter under the 1884 Canadian charter.

By Mr. Batten:

Q. Do you feel that your agreements of 1905, 1909 and 1926 are still effective?—A. That is right.

Mr. BATTEN: Thank you.

The CHAIRMAN: Is it the wish of the committee to hear from Western Union and then to ask questions of the Commercial Cable Company?

By Mr. Bell:

Q. I have one question to ask of Mr. Martin. In the light of new research development, do you think that in the future this coaxial cable might become outdated?—A. That is a very difficult question indeed. We are always looking for improvements in the communications field, but as I see it today we know of no improvements that we could put in beyond the proposed coaxial cable.

Q. What about these new inventions with respect to meteor rockets for the transmission of messages? You would need an entirely new type of legislation to deal with them than what we have here?—A. I assume so.

By Mr. Hamilton (York West):

Q. Just a minute ago you mentioned that the Commercial Cable Company worked with the Canadian Pacific Railway Telegraphs while the Canadian National Railway Telegraphs worked with the Western Union?—A. Yes.

Q. Does Western Union have its own cable laid across the Atlantic?—A. Yes, they have their own cable.

Q. But it is C.O.T.C. that they deal with?—A. And also the Canadian Pacific Railway Telegraphs; Commercial Cable Company deals with Canadian Pacific Telegraphs, and the Western Union deals exclusively with the Canadian National Railway Telegraphs, so you have two international carriers.

The CHAIRMAN: We shall now hear from Western Union.

Mr. Alastair MACDONALD, Q.C. (*Counsel for Western Union Telegraph Company*): Mr. Chairman, Mr. Minister and hon. members: I am appearing today as counsel for Western Union Telegraph Company. I am not in the communication field myself. I am a local lawyer here in Ottawa, but I am fortunate in having with me Mr. Robert Levett of New York, who is assistant general counsel for Western Union.

I was going to ask, Mr. Chairman, if I could have distributed a short statement in the form of a letter which I wrote to the minister on June 5, and which I would like to read. You may call it a brief for sake of a better term. Have I permission to have is distributed?

The CHAIRMAN: Is it the wish of the committee?

Agreed.

Mr. MACDONALD: If it suits your pleasure, I think Mr. Levett would like to say a few words before I read the brief.

Mr. Robert Levett, Counsel, Western Union Telegraph Company New York, called:

The WITNESS: Mr. Chairman, Mr. Minister and hon. members: sitting at the far side of this room today, and being about in a similar position yesterday, I was made acutely aware of the problem of acoustics, so that if there is any difficulty in hearing what I have to say, then any indication of that fact would be appreciated by me.

Coming here, as I have come, from New York I am the last one in the world to allow willingly anything I have to say to be lost in the never-never land of the atmosphere, so please do not hesitate to indicate the fact if I am not being heard.

The purpose of my remarks—I shall be perfectly frank—if obviously first of all that we really approach things in this way that I think our presentation is such that it lends itself somewhat to a complete reading, so my remarks made at this time to you, using up the few moments before the recess, are that I come here with Mr. Macdonald complete and in the round. The second and basic purpose of them is this: our statement was prepared well in advance of the meeting yesterday. In fact, my remarks were forwarded to the minister with a short supplementary statement which was likewise prepared two days ago.

Mr. Macdonald and I both feel that we owe it to you in return for the courtesy of this hearing, and we owe it to the minister in return for his courtesy, and we are very grateful for his recommending that this matter come to the committee.

We shall dish out something that is fresh and up to date rather than a statement prepared as if what happened yesterday and today did not happen or, in a word, we wish to say that what was said yesterday and today has been of tremendous help to us and to Western Union in general. To the extent

possible, we wish to incorporate in our statement what we have learned from listening to what has happened, and to give you the statement as something that is up to the moment. Before the hearing yesterday we entertained certain fears and doubts and, in some respects, frankly, some of those fears and doubts have been removed.

We hope to indicate specifically just what we have in mind. We are definitely enlightened by what we have heard here with respect to the connection, or lack of it, between the present statutory 22 relating to the landing licences or permits and the purposes of Part IV. Before coming to the hearing we were somewhat in the dark with reference to the governor in council. For decades we have made applications and have lived under 22, and the governor in council has received and actually sought application of this sort with respect to landing licences which—if I may be permitted to use parenthesis—is an outlet because when the submerged cable emerges and touches your soil it is in that sense an outlet. The governor in council is empowered, within his discretion, to act on the application on the basis of "the public good". That is mightly broad language. And having acted, it seemed to us, that that resulted in the establishment of reasonable and proper, but certainly not substantive, terms and conditions with a result that when the application in question—either the 1880, the 1899 or at the present time—was granted, the applicant went home feeling that he knew what he had received and he would then as a matter of business judgment or commonsense or technical knowledge—look at it any way you wish, from the point of view of an engineer, a designer, a businessman, a technician, a lawyer or anybody else—know upon what footing the cable would be established once it was physically established. I say that that has a compensation which up to this moment remains intact and unaltered by anything before this committee.

These remarks are purely extemporary. I am telling you of the sum and substance of our reaction. The confusion came in a bill that intended to give the governor apparently the same authority and then issues further conditions. I left out a word—"substantive" conditions. Those, I suppose, would have related to the original application; but there is another word—"procedural" conditions. I do not want to use the words of a member. I prefer to think in terms of an auto licence. It would seem clear to us, at this moment, that it is not intended by the new Part IV—or if you strike out "governor" and insert "Department of Transport" or "Prime Minister", or any of them—that the same authority should be enacted twice on the same thing, and now the explanation is clear that he who applies for authority or permission, for instance, to land on Canadian soil will, at the time he receives the answer, also receive the substantive terms and conditions, meaning the business, financial and engineering conditions, and the legal conditions, I suppose, in the sense that he will have to establish land at such and such a place and pick up twenty acres if he can get the local owner to sell, or you may have crown land or public land. That is a factor. And, in that single-shot result, you are in business.

The new bill, however, contemplates that hereafter when the use of the facility—and I am not a telegraph man, but I am close enough to those who are to understand by facility that we mean a conductor as distinct from equipment. That is something which you gentlemen may want to go into later on. We have been talking about the coaxial cable which is a conductor and with that they are able to increase capacity. Also, you may achieve, though in different degree, the same thing by diddling around with new equipment. It may be, technically, if one is getting to the control of traffic, that you have a broader area technically than one may think.

You can take a conductor, be it a coaxial or a loaded cable—and loaded cable is not used in the vernacular, but simply means a coating which enables

it to be used more efficiently. Once that has been authorized under the primary authority of 22 and this bill, then somebody will take a look at the use of the conductor. As I say, that has been cleared up in our minds. 22 and Part IV are not inconsistent with each other. They are not intended to duplicate. The question in my mind remains then, what precisely is the scope, to the extent that the new Part IV establishes procedural requirements to keep track of what has been authorized? Of course, as the use of a cable expands, of course one must keep track of the use of that very important medium of communication. How? By recording and, roughly speaking, fingerprinting, tabulating and clerical procedure. If that is what is intended by it—and certainly that is a fair inference in part—what becomes of the Dominion Bureau of Statistics? Again, I am not arguing. I am trying to keep my voice high enough that you may hear. These are really questions which disturb me. I am not necessarily implying that I think these results are good or bad. I do not have here a technical staff and I want to make this clear that Mr. Macdonald and I are here because we feel that this is essentially a legal inquiry here, and I was somewhat pleased when I heard one honourable member bring up the question of hearing some of the representatives from the Department of Justice or the Attorney General's department. I think that we have, basically, here a question of law. You think in terms of what results will come from the language which you adopt. There is no question about your authority to adopt it and we say what is your intent if you do this. Does that not come down to a matter of draftmanship and law basically? Because of that I do not have our technical men here. They are available to the committee and to the minister. As a matter of fact, we had a few weeks ago a technical inquiry about the capacity of our cable, the number of channels, and it is incorporated in our statement. Will the honourable members spare Mr. Macdonald and myself the embarrassment of any technical questions except in the broad sense as to what you as ordinary men and lawyers would be expected to retain in your mind on this? To that extent, we are prepared to answer. If you do not want to go beyond that, I see no reason for technical help here.

To conclude, we thought in terms of asking this committee what is the intent; and as far as I can see we are not only bound to accept your intention but we are also bound to learn it. Our statement boils itself down to our concept of the facts about our operations which we think may be helpful to you. If you need any more facts we will obtain them for you. We pose certain questions which now worry us. We hope, in the course of the hearings, that these questions will either be answered or that there will be some clarity. Then we finish with some suggestions and they are "if" suggestions. We say, "if you intend such and such a result, would you be good enough to take the broad language". We are not saying that it is bad language but we suggest that you should put in a provisio or something that will specifically make the language say what you mean. To put it another way, what we are suggesting, or attempting to suggest, is that you insert provisios which may meet some of the "if's".

If you intend, for example, that this was to be prospective—we note in Hansard a statement of the minister that he was not finding fault with the cable companies as they had run their business so far. And with the cables as they now exist, we tell you that Western Union does not use coaxial cables; we do not use voice bands; and we contemplate no such use in the foreseeable future.

So, therefore, if you do not intend to bother about the situation as it exists now, can you put in a little proviso that will say "prospectively"?

To put it in another way, if you are talking about coaxial cables, should you not say so? If Western Union, which is basically a through international cable system, and which touches your soil only because at the time when it did lay the cable the art was in such a state that we had physically to touch your soil, and basically we are a free international cable system, and you do not intend to license or control, or otherwise impose control upon free international cable systems, should you not say so?

I will not say any more, because I would be repeating what is in the statement. Let me sit down leaving this thought: apparently—I could be wrong—there is blur line instead of a line of demarkation between an application by commercial cable, which I have never seen, but which we have heard about, filed with the minister under section 22, as to which there is some sort of dispute,—and that is most obvious,—and an amendment which is being requested to serve a purpose, which obviously goes beyond section 22. Now, it looks as though we may have apples and oranges here, and maybe there is a mixture, intended or unintended.

But, be that as it may, I sit down with this thought: when you hear the statement of Western Union, which will be read by Mr. Macdonald, and when you question us, I will be available to deal with questions on Mr. Macdonald's statement or any further questions. For example, I hear something asked as to how domestic business is handled? I am sure this is done just as the minister would like to have it handled, over Canadian facilities through C.N.T. We do not have any Canadian outlets, as such, and the contract is a short-term contract expiring in 1959.

So, as far as that is concerned, if Western Union has no problems about the domestic business—that is, messages originating, or destined for Canadian soil—the problem lies between Western Union and the C.N.T., as it should, as a matter of contract.

I say, those and other questions will be dealt with. But, as I sit down, will you please bear in mind that we have made no application by anyone, of any kind, nohow, or nowhere. Now, is that clear to the extent that your record is an argument, that is good. The proof of law, the differences of discussions, questions and answers, call it what you will, about some application of commercial cable, or anybody else, that "ain't" us, to use the vernacular. So, when you listen to our statement, and when, as we hope, get some light on our bill, I hope it is in the light of that fact.

The CHAIRMAN: The committee is adjourned until 3 o'clock.

AFTERNOON SESSION

THURSDAY, July 12, 1956.

The CHAIRMAN: Gentlemen, we have a quorum.

Mr. Alastair Macdonald, Q.C., Counsel, Western Union Telegraph Company, called:

The WITNESS: Thank you, Mr. Chairman. If I might, I would like to read a letter of June 5th, 1956, which I sent to the Minister of Transport on behalf of Western Union Telegraph Company. It is not too long, and I will read it fairly fast. I hope I am speaking loudly enough.

Honourable George C. Marler,
Minister of Transport,
Ottawa, Ontario.

Dear Mr. Marler:

Western Union Telegraph Company has asked me to make the following statement which we hope will be useful to you or to the appropriate committees.

The statement is largely factual and not technical but the company stands ready at all times to furnish such other factual and technical information as you may require.

At the outset, may I state that Western Union feels that the language of the pending bill appears to be plenary and enabling in nature and is so broad that if enacted could establish the means through its licensing power to obstruct, and even destroy, the present lawful international telegraph operations of Western Union; and, in fact, such power could be used to effect a confiscation of Western Union's existing contract rights and legislative grants, thus, additionally, rendering valueless all plant, equipment and other assets validly established in Canada under applicable law stretching back over decades.

Now, I would like to depart from the text just for a moment to apologize for having spoken of confiscation. It never occurred to me that this government, or any government of Canada would confiscate the property of a subject. I know that that is not done. I just point out in the "whereases" that the language was so broad that it was capable of that. But, I really apologize for having used the word "confiscation". I do not think the minister thought for a moment that I meant that.

Hon. Mr. MARLER (*Minister of Transport*): I did not take any offence, Mr. Macdonald, I can assure you of that.

The WITNESS: I wish to make it clear that it would appear to us that the present governmental authorities are acting in good faith and are simply seeking an enactment which in their view and to them seems desirable. However, the language itself is so broad and general in nature as to go far beyond any reasonable purposes and, in our view, the proposed amendment assumes the nature of cancellation of existing legislative and private agreements as well as the establishment of a direct threat to fair and competitive telegraph operations in the field of international communications, both with respect to business originating in or destined for Canada as well as through international traffic which merely touches Canadian soil for relay purposes.

I believe it may be helpful to give a brief outline of the nature of Western Union's operations in the field of international telegraph communications and the following should serve that purpose.

The Western Union Telegraph Company operates a north Atlantic submarine cable system consisting of ten trans-Atlantic cables, connecting the United States and the United Kingdom and the Azores; of which five are owned by Western Union and five are leased from Anglo-American Telegraph Company. I shall describe the nature of this lease more fully later in this statement. Here again, may I state that it is my purpose to describe later in this statement the legislative authority for all Canadian cable landings, it being my present intention to give you a description of the cable system as it now exists, and then to go into the applicable legal questions.

Of these ten trans-Atlantic cables comprising the Western Union cable system, one entirely by-passes Canadian soil and links New York with the Azores. Of the remaining nine trans-Atlantic cables, four are landed in Newfoundland at Hearts Content, and five are landed in Newfoundland at Bay Roberts.

These nine trans-Atlantic cables landed on Canadian soil are linked with a total of eight so-called "feeder" cables. Two of these "feeder" cables link the cable landings with the United States by means of submarine cables touching no other Canadian landings and making the first landing at Rockaway Beach, Long Island, thence proceeding overland to New York City. The remaining six feeder cables enter the Canadian mainland via Nova Scotia, five of which proceed overland to the American border, entering the state of Maine, at Vanceboro, and thence down to New York City, and one of which extends from North Sydney to Canso and thence by submarine cable to Duxbury, Massachusetts, from which point it proceeds to New York.

More specifically, the following should serve to explain the location and functions of the nine trans-Atlantic cables landed on Canadian soil. Four of these cables were landed at Valentia, Ireland (in the years 1872, 1874, 1880 and 1894, respectively) and these four emerge on the coast of Newfoundland at Hearts Content, where Western Union maintains a one-storey building containing amplifiers, relays and repeaters. All east or west-bound through international traffic comes from or proceeds to New York from this landing via the "feeder" cables which link the landing to the Canadian mainland and, as previously stated, proceed overland to enter the United States at the border at the state of Maine. These four trans-Atlantic cables are what is known as simplex or directional cables and may be used either for east or west-bound traffic but not both ways simultaneously.

Four more of these trans-Atlantic cables, which by the way are similarly simplex operated, were landed in the United Kingdom at Pensance, England (in the years 1881, 1882, 1910 and 1926 respectively). All four emerge on the coast of Newfoundland at Bay Roberts where there is a two-storey brick building constituting the cable station, containing amplifiers, relays, repeaters and related equipment. International through traffic on these four cables pass to and from New York via this cable station either by way of the submarine cable feeders running to Rockaway Beach, Long Island, or over the Canada mainland through the same overland feeders, which I have previously described as crossing the border at the state of Maine and proceeding down to New York City.

There remains but one more cable comprising the total of nine trans-Atlantic cables and this one was landed in the Azores in 1928 and emerges at Bay Roberts, Newfoundland. This is what is know as a duplex cable, being capable of handling east-west-bound traffic simultaneously; and, from Bay Roberts, traffic also enters the Canadian mainland and reaches New York via the overland feeders, previously described.

On May 24th our department asked for certain information regarding the speed and capacity of our cables. The information was furnished quickly and it is our thought that it might be useful to repeat the information here.

Western Union has the following non-loaded cables:

Anglo-Canadian

1873—1800 L.P.M., 300 W.P.M., 6 channels, 50 words per channel.

1874—same capacity.

1880—not in operation as impossible to replace in deep sea area.

1894—same capacity.

1910—Same capacity.

Western Union

1881—900 L.P.M., 150 W.P.M., 3 channels, 50 words per channel.

1882—1200 L.P.M., 200 W.P.M., 4 channels, 50 words per channel.

Western Union also has two loaded cables:

1926—2400 L.P.M., 400 W.P.M., 8 channels, 50 words per channel.

1928—1800 L.P.M., 300 W.P.M., 6 channels, 50 words per channel.

Incidentally, Western Union knows the 1881 and 1882 cables as 1913 and 1915 respectively.

That is because there have been some repairs.

The 1910 Anglo cable was actually laid by Western Union, but is now leased by Western Union from Anglo.

All Anglo cables are simplex—there is no duplex cable, except the Azores cable of 1928.

I hope that the foregoing will suffice to furnish a picture of the Western Union through international cable system. In short, this system constitutes a means of linking by telegraphic cables New York City in the U.S.A. (including all overland points which in turn may be linked with New York City), on the one hand, with the two landings within the United Kingdom and Ireland, respectively, and the landing in Portuguese territory of the Azores (including all points which in turn may be linked with any of these landings on the eastern side of the Atlantic). I believe it is not necessary to go into the various agreements by means of which traffic moves out into what is known as the hinterlands, being the territory beyond New York on the western side of the Atlantic, or the hinterlands beyond the United Kingdom and the Azores on the eastern side of the Atlantic. Suffice it to say that such movement of traffic does occur by virtue of agreements between various companies.

I should like now similarly to describe a second aspect of the Western Union cable system as it concerns Canada, namely, the nature of the facilities for the handling of international traffic destined for or originating in Canada itself when such traffic enters or leaves the Western Union cable system without passage through New York City.

Normally, such Canadian traffic would be routed via the station at Hearts Content, Newfoundland and over a link with the mainland at Lloyd's Cove, Nova Scotia, where, at North Sydney, the company operates a cable station. The link between this station and Hearts Content is established by feeder cables, either owned by Western Union or leased by Western Union from Anglo-American; but the westerly link of the North Sydney station is that established by agreements between Western Union and the Canadian National Telegraph Company, resulting in utilization of C.N.T. overland lines linking this North Sydney station with the Anglo-American office at Montreal and the C.N.T. terminal at Toronto.

Western Union by lease agreement operates the Anglo-American office at Montreal and to that extent any traffic destined for or received from Montreal would be delivered or picked up by Anglo-American in the Montreal office. But any traffic relayed by the Anglo-American office at Montreal, that is, non-local traffic would continue to be handled over C.N.T. lines and by C.N.T. personnel.

At Toronto the traffic remains entirely in the hands of the C.N.T. In other words, Toronto-bound international traffic, for all practical purposes, ceases to be in the hands of Western Union when it leaves North Sydney for it then has entered on the lines of C.N.T. and emerges at the C.N.T. terminal: but we should note a single exception to this statement, namely, that such traffic does pass through the Anglo-American repeater in Montreal and to that extent Western Union, as the lessee of Anglo-American, maintains such repeaters.

This explanation of the nature of the handling of Canadian traffic over C.N.T. lines completes my description of what may be termed "The Western Union International Cable System". You may be interested in knowing about some of the statistics relating to the Western Union cable system as it involves Canada. Western Union's total outlay in Canada on an annual basis amounts to about $1,800,000 and this breaks down into payrolls at an annual rate of $1,100,000 (inclusive of $560,000 for our two cable ships) and nearly $700,000 covering expenses of all kinds, inclusive of taxes and supplies for the two cable ships based at Halifax. About 275 people find employment as a result.

Western Union's gross revenue derived from Canadian international traffic over its ocean cables accounts for a very small percentage of the total revenues collected by the Western Union cable system which is essentially engaged in handling international traffic between New York and points abroad.

Western Union pays income taxes to the dominion Government of Canada and this approximated $34,000 for the year 1955; additionally, is paid nearly $3,000 in income taxes to the province of Quebec. Property taxes covering installations at Halifax, Canso, North Sydney and Montreal as well as a pole line in the Maritime Provinces plus small sums for sales and use taxes approximate $35,000 annually.

Western Union has a considerable property investment in Canada; the gross value is approximately $4,000,000 inclusive of very nearly $500,000 for its cable ships. This sum includes $750,000 for buildings and land; $1,100,000 for equipment; and $1,700,000 for pole lines and underground cable.

Finally, I should like to touch upon the legal situation with respect to the above described operations of Western Union within Canada. I feel that it is unnecessary to go into technical details and therefore I shall simply make reference to an agreement entered into between the Government of Newfoundland and Western Union under date of March 11, 1911, which was duly confirmed by legislative enactment passed March 29, 1911 (Citation—George V. CAP, 8). The following is numbered paragraph 1 thereof:

> 1. The government agrees to grant to the company the right to land any of its through cables at Newfoundland on terms and conditions as favorable to the company as those under which any other cables, present or future, are granted landing rights and privileges by the government of Newfoundland (save and except any special privileges now enjoyed by the Anglo-American Telegraph Company, inclusive of the right of said Anglo-American Telegraph Company to compete with the government Telegraph system), it being understood and agreed that the Company shall not compete with the government for traffic, nor transmit nor receive business from or to Newfoundland; provided that nothing herein contained shall prevent the transfer or exchange of through traffic by the company to, from or with any other cable or telegraph company.

In addition to the usual formal terms relating to grants of this nature, it was specified that the company was to pay annually on the 30th day of June the sum of $4,000 in respect of every telegraph cable landed under the grant to a maximum of $20,000 for such annual charges. Western Union has faithfully performed all of the terms and conditions specified in this legislative grant between the date of its enactment and the present time. In fact, Western Union on behalf of its cable landings (both Western Union and Anglo) has paid the maximum amount of $40,000 annually through the year 1948, until it was served with a written notice from the Deputy Minister of Finance for Newfoundland to the effect that as a result of the signing of the "Tax Rental Agreement between the provincial government of Newfoundland and the government of Canada", neither this company nor any other cable company with cable landings within Newfoundland would be required to make the

prescribed statutory payments *during the life of the Tax Rental Agreement.* I understand that the Tax Rental Agreement is currently in effect and that is the only reason why Western Union is not now making such payments; but, of course, the payments become mandatory, as stated, upon the termination of such Tax Rental Agreement.

The cables laid in the years 1910 and 1926 were landed at Bay Roberts, Newfoundland, pursuant to the statutory authorization of the Newfoundland legislature. The cables originally laid in 1881 and 1882 and originally landed at Canso, Nova Scotia, subsequently were re-routed (1913 and 1915, respectively) to land at Bay Roberts, Newfoundland, pursuant to this enactment of the Newfoundland legislature. The same was true of the landing in Bay Roberts of the 1928 cable linking the Azores. In addition, all the Western Union owned feeders were landed by virtue of the same legislative enactment.

The four cables landed at Hearts Content, Newfoundland, were originally laid by the Anglo-American Telegraph Company, which in turn received its landing rights from the New York, Newfoundland and London Telegraph Company; and the latter obtained its franchise, rights and privileges by virtue of an Act of Incorporation passed by the Newfoundland legislature April 15, 1854 (17 Vic., Cap. 2.); amended (20 Vic. Cap 1. (March 3, 1857)). Western Union operates these cables by virtue of an agreement with the Anglo-American Telegraph Company, dated March 1, 1912, and expiring April 1, 2010. In addition, this agreement authorizes Western Union to operate certain feeder cables which are owned by the Anglo-American Telegraph Company. The feeder cables touching Nova Scotia were landed under franchise rights granted by the Nova Scotia legislature by Act passed March 31, 1851 (14 Vic., Cap. 17) to the Nova Scotia Electric Telegraph Company. Western Union duly acquired such rights and property by agreement executed in the year 1872.

It seems perfectly clear that all Western Union operated landings on Canadian soil were duly authorized and licensed either by direct legislative authority or by valid agreements with other cable or telegraph companies which in turn possessed legislative authorization. In each instance, necessary property rights on Canadian soil were duly acquired and each cable-head was established in strict accord with applicable terms and conditions. The current operation is likewise fully in accord with charter and contract terms and conditions.

We trust that the parliament will not by legislative enactment either alter or rescind solemn terms and conditions established by legislative and private agreements going back as far as the year 1854. These agreements were made in the public interest and resulted in the establishment of an international cable system; and the public interest would seem to require that this great cable system remain in operation, particularly in view of present world conditions.

In conclusion, I wish to put a number of rhetorical questions which in our view are reasonable under the circumstances, namely:

1. What statutory "license" should now be required with respect to Western Union cable-heads and the various components of the Western Union feeder cables?

2. What "regulations" are reasonably required with respect to formal agreements and legislative grants in existence for decades under the terms of which Western Union, on the one hand, and the private and public parties in interest, on the other, have freely and mutually established their own applicable terms and conditions?

3. Would not the proposed amendment be in the nature of an *ex post facto law?*

4. Would not governmental licensing and regulations in fact result in the rescission, modification or elimination of terms and conditions established in good faith for the installation and operation of the Western Union cable system?

It is our view that the Western Union cable system has been lawfully established, lawfully operated and has resulted in fair and efficient handling of international telegraph traffic. The Western Union cable system poses no threat either to private or governmental telegraph agencies. Its system is available to those who need it and who wish to contract for it.

Under the circumstances, we can think of no reasonable basis for injecting either further governmental licensing or further governmental regulating of the Western Union cable system into the present operating and legal structure thereof. We know of no problems or abuses with respect to the Western Union international traffic operations which call for governmental interference of any degree. Since we are both licensed and regulated *in fact* by virtue of the special legislative authority and the specific contractual terms relating to our cable system, we consider that Bill 212 if enacted would enable the government to impose onerous conditions applicable to international cable operations, in direct contravention of Western Union's special and specific legislative landing authorizations.

The trans-Atlantic cable system of Western Union does not include either voice bands or coaxial cable; and the company has no plans with respect to these modes of traffic handling in the foreseeable future. The Western Union trans-Atlantic cable system utilizes single conductor cables passing low frequency (up to 100 cycles per second) (multiplex code) telegraph signals. These cables basically are those originally laid and kept in repair and operating condition.

Western Union no longer transacts wire-telegraph business in Canada. The only offices (other than relay stations) maintained in Canada consist of the Anglo-American office at Montreal which I have described as handling local Montreal international traffic (page 4 of this statement) the cable depot at Halifax, Nova Scotia, and a sales office at Toronto, Ontario.

Western Union has contracts in effect for the transmission of cablegrams in Canada with the Canadian National Telegraphs and the Canadian Pacific Railway Company, the latter covering traffic exchanged at the border only.

Western Union does not have in contemplation any increase in the number of its present geographic locations within Canadian territory (that is, its cable stations or gateways) for the handling of international traffic originating in or destined for Canada.

Accordingly, we urge either the elimination of the amendment in its entirety or a specific exemption which would render the amendment inapplicable to the Western Union cable system, including its landings ad applicable leases and agreements with respect to the handling of international traffic originating in or destined for Canadian soil.

I desire to thank you for this opportunity to present this statement on behalf of Western Union.

Mr. Levett, if you will hear him, would like to read a short supplementary statement now.

Mr. Robert Levett, Counsel, Western Union Telegraph Company, called:

The WITNESS: Mr. Chairman, the first two or three paragraphs, generally speaking, duplicate one or two of the principles which I outlined in the prefatory remarks. But in the course of the statement itself we supply more or less an affirmative answer, and to that extent I would like to read it as written.

This document we have captioned, "Supplementary memorandum submitted on behalf of Western Union Telegraph Company."

The company became concerned about the broad language used in the amending act, which contains a prohibition against the construction, alteration, maintenance or operation of any cable or facility, except under license, and with nothing in the regulations to state or define the terms upon which licenses are to be granted and leaving all provisions of the licenses within the discretion of the governor-in-council.

The company does not consider that it should comment on a matter of a domestic nature in the Dominion of Canada, nor on principles or related matters within the powers of the minister.

Or, I might add, of you gentlemen.

The company feels, however, that if the language of Bill 212 is so broad as to appear inconsistent with the purposes of the bill, that the language of the bill should be modified to conform with the purposes.

May I interpolate this explanation? I am informed by our counsel, Mr. Macdonald who says that the real statutory interpretation here is similar to our own, namely: a statute is interpreted within the four corners of its own language. Therefore, legislators have what I like to consider a sort of awful responsibility, that, to be trite, their words say what they mean, and mean what they say, but I think that is a good way to state it.

That being so, of what avail is there in understandings within the walls of the committee room, between legislators, between company officials, the minister, his staff, and all concerned when in the last analysis the words enacted must speak for themselves? I feel, speaking personally, that there is enough trouble in the courts. Forgetting the courts for the moment, because, generally speaking, we ought to expect reasonable differences between reasonable men, which differences arise from reasonable misunderstandings, if I might use those terms. That, today, is the real trouble. It is difficult to use words that would protect one against a man who attacks in bad faith. So, I say, one must look at language from the point of view of good men sitting down in good faith trying to understand it. I say, it would be a pity that there should be differences, trouble, litigation, and misunderstanding because of language, which language alone caused the differences. So, at least the purposes of language here, in this nature, should be to eliminate the things which are not the subject of discontent, or dissension. All we are saying here is that in heaven's name, let us at least eliminate all the things to which it is clear the language is not intended to apply.

Officials of the company have read with interest the remarks of the minister as contained in the House of Commons debates of the 3rd of July, 1956, particularly at pages 5615 and 5616. The minister first stated that prior to the introduction of co-axial cable the old submarine cables had obtained a total speed of 500 words per minute, and he added that if the change in the capacity of a cable were to remain within that range there might not be cause for great concern or for legislative action, but that the development of co-axial cables had changed the whole situation and he gave the illustration that the new Trans-Atlantic Telephone Cable will have a capacity equal to about forty times the capacity of all existing Trans-Atlantic cables. He then said that the introduction of the co-axial cable has completely revolutionized the whole picture of trans-oceanic communications and said that in those circumstances the honourable members would appreciate the necessity of amending the Telegraphs Act in order to meet the situation. He also said that there might be no objection whatever to granting permission for a cable to carry through traffic, while there might be very real and valid objections to the provisions of facilities additional to those already established, to meet Canadian requirements.

The Western Union Telegraph Company's cables have a speed of less than 500 words per minute; they have no co-axial cables and no plans for laying them; and their domestic traffic within Canada is over the leased wires of Canadian National Telegraph Co.,—

Let me interpolate in answer to a question that was raised earlier. So far as I understand it, our C.N.T. general contract expires October 1st, 1959—and they feel that their existing facilities should be exempt from the wide language of Bill 212.

The company feels that the language is so broad that it is inconsistent with the purposes which the minister has stated he has in mind, and the company suggests the addition of the following language to the bill:

Now, here is really the purpose of these additional remarks: we suggest that if any of these numbered provisions, which are really exceptions, meet what the minister, or what parliament or what the sovereign has in mind, using either of those words, we have no pride of authorship. Or to put it another way, the language as written certainly would not mean any of the things I am about to cover a proviso. As written they would not. Therefore, there must be an obligation, if it is intended to achieve any of these results, to say so. Now, I say, no pride in authorship, but just a suggestion.

And this is a direct quote that we think these words could be added to the bill:

1. Provided, however, that all existing cables and related installations and equipment shall be deemed to be licensed within the terms of the amending bill by virtue of existing grants, authorizations and franchises.

Now, one word of explanation; in other words the proposed bill would be effective prospectively, only. Now, I do not want to trespass on the limited time, but it may forestall some questions if I just add this one thing: if anyone is worried about the co-axial cable—and we are not saying they should, or should not be—but if anyone is worried about what would happen if further outlets were opened in Canada—ditto.

It is not for us to say whether it is or is not a matter of serious concern. Why talk about the necessity of licences, authorizations and franchises of cables? If I may be allowed to put a rather simple illustration, which I hope is not out of place, my first reaction when I read it was that we can assume a couple who have been married for 50 or 60 years and who have grandchildren and ever great grandchildren; they were married in a civil service as well as in a religious service and they have their original charter, so to speak.

But suppose the registrar of vital statistics or somebody from the local authorities should come around and say that they wished now to licence this union? They might say, well, in other words, that is like having another civil ceremony. There is a custom in some cases of having a remarriage after 50 or 75 years. So far as that is concerned, it is just a matter of choice; but I wonder however if it should be made a matter of law!

The analogy may be said to be crude and it is admittedly crude. We were licensed, authorized, franchised and chartered in our original landings, but is that all? Oh no, that was only the civil ceremony.

We then proceeded, and in every instance here, Western Union did it this way, with the appropriate authority and these forms of procedure and requirements of 1922, and we went through the second step of pointing out that we were authorized to land, and that we now contemplated landing, and we specified the terms of the technical distribution, and we got the second blessing.

So you might say that the legislative enactment by the colony of Newfoundland was really the religious marriage ceremony, because I have seen the written agreement and I have seen the original instrument which authorized the landings, and then we went to the legislature of Newfoundland and they ratified it, and that was the original and total ceremony.

Thereafter we were in a position similar to that of Commercial Cable Company under the terms of this act, so that for the further obligation of authorization to land—even our last one—we have done that. They are here, all these authorizations, and we have the licences; however this additional part intends to add another licence to our collection for the purpose of which. the first proviso, is to say simply: can't you waive the issuing of the physical document? And you gentlemen have read the amendment showing the original licences as they now exist and that they are deemed to conform to the licence requirements of this new part. Do we need another piece of paper?

That is all I mean by the first part, and I suggest perhaps we do not even have to be deemed licensed; but if Canada feels that some sort of re-licensing of any kind must at this time for some purpose which I cannot see clearly be issued to Western Union, at least it should be done by a broad formula as they say. The second suggestion, and this is a quotation, reads as follows:

> 2. Provided, however, that this bill shall not apply to existing international submarine cable systems established by valid grant or other authorization.

That is what I have just said. Now, No. 3 and finally:

> 3. Provided, however, that this bill shall be limited to international submarine cable systems with respect to traffic originating in or destined for Canada.

If what you are worried about is your Canadian outlets, then even so;

> In other words, since the minister intends to obtain legislative authority, with respect to Canadian business, we suggest that the language should be phrased accordingly. The company sees no purpose in broader language than is needed to carry out what the minister has in mind.
>
> The company merely seeks clarification of the amending bill.
>
> If the language of the bill is such that under it through traffic can be taken over that is a matter which will be most disturbing to the company and to its shareholders, but if such is not the intention, and the minister has said that it is not, then the company submits with the greatest of respect that the language should be limited to defining the purpose of the bill clearly and so that no ambiguity can arise.

I thank the members of the committee and the chairman for allowing us to add these supplementary remarks.

Hon. Mr. MARLER: If nobody wishes to question Mr. Levett, then I would like to make a few remarks. However, if there are any questions, I shall be very glad to wait.

By Mr. Hamilton (York West):

Q. I was interested in that date of 1959 as the date on which your contract will expire with Canadian National Railways Telegraphs. When was that contract signed?—A. I do not know. I know there have been a number of informal arrangements, some of which were not reduced to contractual language, but my recollection—and it has been many weeks since I went into the matter—is that it was originally a short term contract.

Q. Has it been in existence for several years now, either as a short term contract or with renewals?—A. Oh yes, but as and when I cannot of course answer. Our contacts with the Canadian mainland end at North Sydney and we go landwise only into Nova Scotia. From then on any contacts with Canada, with Canadian traffic, must be done by means of C.N.T. or C.P.R. That has been the arrangements for years.

Q. If it expires in 1959 you are getting on towards the end of it. Have you had any negotiations for a renewal?—A. I do not know, but I can find out. I assume there have been some talks.

Q. Do you know if there is any reasonable expectation that it will be renewed?—A. We hope it will be renewed and we have heard nothing to the contrary that I know of.

As I have said to you before, in the preparation of this matter we confined our work to that of digging out chronologically the sources of our international cable system. In the course of that work I found nothing to indicate that in the foreseeable future Western Union would change its method of operation technically. I think I can state that firmly.

As to its contractual arrangements, I know of no reason to expect that in the foreseeable future there will be any different contractual set-up.

Q. C.N.T. handles the work from the domestic standpoint in Canada, but at the same time you have used the word "outlet" yourself at one stage of your talk. How many outlets do you have in Canada?—A. Honestly, that word "outlet" has me baffled and I cannot answer your question in that form.

Q. Maybe I might reword my question and go back over it again. You used the expression at one stage about having the right to land, and I think that your inference was that it could not be distinguished from the right to distribute. —A. I did not say that; but if the chairman will allow me to explain the reference to it, I would be glad to do so.

In the course of my pregatory remarks and in referring to what I heard here yesterday, I stated purely as a comment that I was a little confused by this reference to 24 outlets and I said that I felt the word "outlet" should be given further specificity. That of course applies to landing. If one talks about an outlet in the broad sense, what else can it be? Here is a cable coming in from the high seas and it finally touches Canadian territory. It emerges from the sea and it reaches private land and is there located in a building. Now for the purposes of that cable, that conductor, it is an outlet. That is all I can say; but in response to the gentleman's question, Mr. Chairman, I might add this: that if I were a salesman and attempting to solicit business, an outlet would be any location which was capable of handling the goods or services which I sold, and I daresay that the word outlet and particularly the words "domestic outlet" generally speaking would mean an office of some kind.

If I wish to send a message to my wife in Connecticut, I would go to C.N.T. which I presume has the domestic outlet—and even that is not technically accurate because it is an outlet for messages destined for this area. But supposing I filed a message. Is the outlet for a message originating here? Of course it is; so the word "outlet" cannot be used literally.

Outlet, I suppose, is the location where messages destined for or originating at that particular point may be handled.

Q. May I take it one step further? I assume that if you had 500 places—Canadian National Railway Telegraph offices in Canada—you would require a greater proportion of physical facilities with your cable, and you would be devoted to that business and you would be distributing from more landing places than if you only had 100 offices?

Hon. Mr. MARLER: Surely it is a question of the volume of traffic rather than of the number of places that are selling it.

By Mr. Hamilton (York West):

Q. That is fine. Well, have you at any time felt that you were restricted in the use of any physical part of your cable facilities once you had landed and had the right to land your cable in Canada?—A. That is, has Western Union felt that at some time they restricted us?

Q. That is, that you are restricted in any way in the use of your physical facilities once you had the right to land your cable in Canada?—A. I do not know if I can answer that because we have always landed our cable strictly pursuant to the authorization. Therefore in a technical sense we do not say what technical step we would take, but from a traffic point of view, we say that we would follow the appropriate authorization all the way.

Q. In other words, you have always regarded the situation as one in which no matter what business arose at the sales level of the Canadian National Railways Telegraphs in Canada you could make use of the appropriate physical facilities and carry the messages with your cable?—A. Of course we were not concerned with the originating traffic because our actual arrangement with C.N.T. is just that whatever traffic might be offered under that agreement originating at a specific point, we would handle it; but if your question has in mind whether or not we have been able to handle the volume, the answer is yes, we have.

Q. You have never felt restricted as to whether 25 per cent of your physical activity, or 50 per cent or 75 per cent was devoted to handling Canadian traffic?—A. I do not know what you mean by restricted; we just handle the traffic as it comes in and we have not had any occasion to feel restricted.

Q. I think that is the answer, but if someone came along to you now and said that you could only devote 25 per cent of your physical capacity to the handling of Canadian traffic, you would feel at that time that they had moved into an area which they were not entitled to be in.—A. It would depend on who decided that they do it.

Q. If it is enacted?—A. I cannot answer your question in that form. We have operated very well and we are ready for business today as well as tomorrow.

Mr. HERRIDGE: I can see that!

The WITNESS: That is about it. We are here because we hope that will continue. We are not saying that there is any present threat, but we are asking a rhetorical question: are you threatening our present operations?

Having in mind the use of the word "restricted" what we would like to have is information. Do you intend to restrict us, and if so why?

Frankly, I have read nothing in the report and received no information during the course of yesterday or today which would indicate any particular effort regarding our operations as to which legislative action is necessary. When you use the word "restricted", you have in mind a purpose; and I would say that before you do anything which would restrict anybody, you should define what you are attempting to restrict. So I throw right back that point to the committee and to the minister and say "What is there in the Western Union operations today, tomorrow, next week or next month, which you feel should be altered? At least tell us that?"

Perhaps there is something we can alter of our own accord.

Q. You have premised your remarks by saying that engineeringwise you are not qualified to answer. Would you say that a coaxial cable is a technical advance which would be a feature of any new cable being laid at the present time in the ordinary course of events?—A. I really don't quite understand your question. Do you mean the next cable which might be laid?

Q. Which any company in the business would lay, if they were required to do so.—A. Would it be coaxial?

Q. Probably that is what they would want to do?—A. It depends on what they are doing in the laboratories now. It is hard to tell what kind of a conductor will be used. Even as a layman I know that developments in radio have eliminated some of the "bugs", and it may be so with your coaxial. When you look into the technological future, you need to have a special ball, a crystal ball, and I certainly do not have it.

Q. Have you any knowledge that if you were replacing or renewing any cable in your company today—not tomorrow or five years from now—whether or not a coaxial cable would be laid?—A. I really cannot answer that question. I could not say as to whether or not they contemplate within the foreseeable future the laying of a coaxial cable.

Q. Has there not been some situation which has arisen in the United States in connection with the merging of the various operations there which would indicate that your company will be required to go out of the foreign communication end of its business, the external cable end?—A. Mr. Chairman, I think I understand the first portion of that question, but may I ask if you are saying in the first part—

Q. I understand that there have been certain expansions in respect to your company's activities in the United States by merger or otherwise, and that as a result you are going out of, or you will be going out of the external communication end of it in the future.—A. I did not intend to be facetious, but it just so happened that away back in 1942—I may be out five or six years—there was an enactment by our Congress which permitted the merger of postal telegraphs and Western Union. But as part of that legislative enactment there was an obligation on the part of Western Union to divest itself of its international cable system.

I sought clarification of the question because that is an old story with Western Union. We have been trying to sell our cable, and you can well imagine that the field of buyers is pretty well restricted. But so far as the present is concerned, we do have an agreement which probably could be called an agreement to sell, but it is really an agreement to make an agreement to sell, and the parties are discussing the matter with respect to a sale.

Q. I do not think it is an unfair question to ask.—A. No, it certainly is not.

Q. Because I wonder if that would have any connection with the fact that you have plans in the foreseeable future to utilize what I believe would be a fairly major technical advance in construction?—A. Well, I want to be strictly fair about it. I cannot say factually that the fact that we are bound to get out of the international communications field plays any part in our future planning because that would not be so. But I can say this: that we are operating an international communication system of which at least one-half is under a 99 year lease which will expire in the year 2010; and we have obligations under that agreement to restore those assets including its cables to the company's lessor and therefore we must maintain them.

Certainly if we were to abandon those existing cables and go into the field of coaxial or anything else, then when the year 2010 rolls around—I think it is fair to say that eventually we will reach that year—the success and interest in them will be a significant part of this agreement which has existed since 1856 or 1857, this American corporation—and I think it is fair to assume that there will be successors to it—and that when they ask for compliance with the terms of our agreement, we had better have some assets to return. So certainly this would be fair to say, speaking from complete technical ignorance, that it is a fact of life that we must operate the cable system as we now have it, and it is not a coaxial.

We are satisfied with the way it is working now. It is a good system and it is handling our needs. We see no reason to abandon it, and the fact that most of it is on lease is a good reason for not abandoning it.

Q. Under the terms of our leasing agreement, are you under any obligation to maintain it?—A. Well, we must operate and maintain it, certainly.

Q. But there is nothing which requires you to improve it?—A. No, not technically or basically to alter it; in other words, we are not obligated to swap it for a coaxial cable and to return a coaxial cable in the year 2010 for the old conductor.

Q. You may not want to answer this question, and if so I shall not pursue it; but could you advise us if the party with whom you are negotiating would include any governmental agency of any kind either in the United States or in Canada?—A. There is no secret about it. We are dealing with a private American enterprise. Their representatives are talking to us, and they are looking at the assets and trying to make up their minds about it. And I might say that the thought has occurred to me that perhaps the pendancy of this action is a factor which ought to be brought to their attention if it has not been done so already.

Q. There has been no discussion with a governmental agency here as to any part?—A. No. This is entirely a private agreement. Its terms are subject to our doing certain things and we are trying to do those things.

Q. In connection with those negotiations, I would assume that in 1959 the expiry date with C.N.T., that it must have completed its part?—A. It is a factor all right. If you bought an international cable system and if you were able to include in it assets relating to domestic traffic, you would be concerned about the renewal quite understandably.

Q. So it would be reasonable to suppose that the purchaser would get a renewal handed over to him as part of the agreement?—A. That is a matter of time. If they clear up this matter before 1959, then the purchaser will have to make up his mind whether or not to go ahead, or to renegotiate in advance.

Q. It has not produced any urgency in the discussion at all for you to have brought it up?—A. No.

The CHAIRMAN: Are there any further questions?

By Mr. Leboe:

Q. I wonder if the witness can tell us whether or not they would be content with the suggestions made providing they were in a position that they wanted to go into something further? What I am thinking about is the situation as I see it, namely, that you are contending yourself not on a matter of principle but on a matter of how it affects your company? Is that true?—A. That is right. We are seeking clarification of what we call broad language, and we want to know what is intended by this legislature before we evaluate our legal position. It seems to make sense to us that we should determine what the threat is to us. If all that is intended, so far as Western Union is concerned, is to require us to answer a lot of formal questions such as we have already answered on the forms of the Dominion Bureau of Statistics, we will then automatically get some sort of okay. That is all.

Q. You are not actually making your presentation here today on a matter of principle, but just on how it affects your particular company?—A. There is a principle involved in this respect—if the chairman will allow me to explain it. I shall pick up something which I would like to say as a result of a question asked by an hon. member a moment ago, and combine them. Let us not oversimplify this matter.

Western Union has no basis now for concluding that it will succeed in selling its international communications system. We just had not been able to find somebody who was interested. That is an old story. However, we have an interested purchaser at the present time.

We have been under a legislative mandate to divest ourselves of this international communication end of the business and Western Union looks at this intended legislation at the moment in this fashion: first, what is intended? Once we know that, then both we and our purchaser will know the value or lack of value of our present assets.

If the intention is to set up some sort of control which will compel us to alter or to restrict our present operations, and if the intention is to create various taxes or conditions or regulations of some kind which would so hamper our international operation that it would not be economical and sound to keep on, then we would have a legal question as to whether or not we ought to terminate our Anglo lease for example, or what we should do about it.

We would lose the purchaser, that goes without saying; and it is perfectly clear that if parliament during this session enacted some laws which prevented the Western Union from having an international communication system, it might cost us the loss of a purchaser.

We had landing licences in the United Kingdom, but they have expired. When you land a cable you know you have landed something. So our domestic landing rights having expired, we have been for decades continuing to use the United Kingdom cable head as if we were licensed. Now, a purchaser comes along and one of the conditions is this: what about your United Kingdom landing? Very well, we must implement by obtaining United Kingdom landing permits, and we are in the process of doing so, and we hope to get them. So Western Union has no reasonable basis for not concluding that it is not in the international field, and I assure you that whatever you do it will not harm us, but just the contrary. Perhaps that over-all statement will suffice to answer the last question.

By Mr. Green:

Q. What would be the effect of your position if this licensing control included control over the routing of traffic which originated in Canada?—A. Before I answer that question I would like to know how that could be done? It is quite a trick if you can do it. We do not have to be telegraph men to know that the day to day routing of traffic is an operating problem and that it has always been handled as such.

In our presentation as read by Mr. Macdonald, we say that a cable system is a type of communication system in the way of a series of fallbacks of alternative routes. Your day to day routing of traffic depends on many factors and I shall not waste time trying to go into them. I just wonder how anybody not operating with personnel directly and handling a volume of traffic, can say that you should use channel 1, channel (b) or channel (c). I do not see how it could be done.

Gentlemen, we have a submarine cable which goes directly under the water to the United States, and we use overland features; some Canadian business goes to New York and back, but it is combined on the basis of load and other factors. There are so many technical aspects with regard to control that it almost sounds silly to try to enumerate them as I see it, and if we attempted to say that you might use channel (a), that would amount to an undue interference in the operation of our business.

Q. I asked you that question because the minister said as reported in *Hansard* that he should point out that perhaps a licensing system would enable us to exercise some measure of control over the routing of traffic originating in Canada.—A. I understand that one of the real reasons I am here is this—to find out what that means. I hear words which are familiar to me, but what do they mean? Are you asking for some measure of control by putting an employee of the government in an office side by side with the superintendent and giving him a chair alongside him and saying how he must handle the load? Gentlemen, that is rot!

However, I must be truly fair about it, and I have heard enough so far to indicate that the minister in using—in making that statement is not using it in an operating sense; and I gather from what I read in *Hansard* that the intention is to see to it if it is operationally feasible that the Canadian authorities should use Canadian facilities.

Now, that obviously is a reasonable objective. Representatives of Commercial Cable have indicated their agreement with that principle. We agree, and I simply add this thought, that is precisely what we are doing since we have no facilities to the main land other than C.N.T. So, what more do you want by way of control?

Mr. Chairman, may I conclude by adding this thought: if one were to bear in mind a specific picture, then it all makes sense. If the minister is talking about the coaxial cable, about the new outlets—in other words, if he is talking prospectively, then, Mr. Chairman, this is understandable. If the minister is talking about the situation, the system, the operating practices as they exist today, then we are disturbed, because the only basis upon which any disturbance, or control of any kind, could reasonably be injected into the present picture, would be by procedurally starting out with the specification of some evils.

Now, as the lawyer says, "whereas" for the past weeks, or months or years, certain evils have arisen because traffic which should have gone over Canadian facilities has been by-passed, and so forth, and after a lot of "whereases" and a lot of time, then you come to the "now therefore," hereafter we are going to stop that. Now, I have heard no "whereases" so I might say this: that to me,—and it is just one man's opinion, and I could be entirely wrong,—but it strikes me that if one were to eliminate the coaxial cable, the 24 outlets, and the application of Commercial Cables, there would be nothing to talk about here.

Let me just put it one other way, Mr. Chairman, if I may. May I use this analogy, and I will save you some extra work: picture going to a policeman and saying to him, "My car has just been struck by another car and the driver has gone away", and the policeman says to you, "Have you a licence", and you say, "Well, yes, I have, but this fellow has just struck my car". Now, the policeman says, "Forget about that. First I want to know whether you have a licence". For a half hour you look through the glove compartment, or better still, he gets in your car and you drive to your house and find it in your dresser drawer. He says, "Now, I know you have a licence. What is this you were complaining about". That is a rough analogy.

But, let me put it this way: the cable system, the international cable system is functioning beautifully. We, at Western Union, have heard no indication of any kind to the contrary. Every application we filed with respect to these cables was duly considered, carefully investigated and duly approved. Now, we have complied with all the laws and we have filed with the Dominion Bureau of Statistics; we have paid our income tax, and no government agency has found fault with us at all.

Now, what happens? Our competitor, Commercial Cables, files an application for what? For a coaxial cable and for 24 outlets. Well, again, I do not want to define that, but let us assume it is for two things.

Now, in the course of the discussion of this agreement Western Union is called before this committee, because of what? A legislative threat against its cable system. But, more than that. How does the policeman analogy come in? Also the Commercial Cable system, other than the one that is under the special application, is also involved.

Now, all I am saying is this, if the application is not properly granted, and if there are reasons for denying it, and of course I understand that, but where along the line of the day to day operating procedures—take since 1950—did

someone create the path which led to the necessity for legislative enactment which would not only disturb the Western Union system, which was not involved in the application but that portion of the Commercial Cable system which was not involved in the application. Even if Western Union were out of the system, Mr. Chairman, out of the orbit of this enactment, if this law is enacted, the Commercial Cable Company,—and I am not arguing for them, I am just summarizing factually the way the thing sits as I see it—Commercial Cable Company may or may not get landing rights, and does not get its 24 outlets. And supposing that it was to withdraw its application in toto—and this is possible—it winds up with legislative enactment against that which it had. To go back to my analogy, the hit and run driver has disappeared. If I might roughly call the coaxial cable the third party, and the result of going to the policeman is a trip to your home to find your own legal licence.

Now, maybe I have gone afield, but my thought is, where along the line of the past five or six operating years of history did we get to the point where somebody feels that the old, not the new system, requires controlling?

I say that is a rhetorical question, but that is one of the reasons that we are here.

Mr. HERRIDGE: Mr. Chairman, I just wish to say that we have had a very interesting discussion from the witnesses, but I am beginning to think that the committee, and all concerned, have reached the point where we could much better begin to assess the situation by hearing the minister's statement, and hearing from him what he intends to do. I think that will save a great number of unnecessary questions.

Mr. HOSKING: I would like to ask one question, Mr. Chairman.

Mr. CAMPBELL: What was the reason for the order given you to divest yourself?

Hon. Mr. MARLER: That was an order of the United States government, was it not?

The WITNESS: Yes. One of the terms in the legislative authorization to take over the other land line, postal telegraphs, was investigated by International. There were many reasons behind it. I do not know the particular reasons.

By Mr. Hosking:

Q. Could I ask a question, Mr. Levett? What mechanical equipment or electrical inventions have taken place that would enable you to increase your facilities in the existing cables, in the last 10 or 11 years?—A. You mean the capacity of our cable?

Q. Yes.—A. Well, one was mentioned. The conductors were treated in such a fashion that they were more efficient. But, basically in our industry—remember, I am not a technical man—we have been able to develop repeaters, which are units doing just about what the name indicates, and which again result in a more economical use of the conductor, and by the use of these repeaters we have been able to increase the number of channels.

Q. How much increase have you got from the repeaters, from these inventions?—A. Again, I am not a technical man, but we have a tandem repeater which we can use, and we can increase a six-channel circuit to a twelve.

Q. Twelve?—A. Yes.

Q. You can double them?—A. Yes.

Q. Would you think then that this legislation, this intended legislation might be some means of taking care of any future developments which might take place that would, say, double it again, which would be the square, or four times as much?—A. Well, Mr. Chairman—

Q. When you come to lay a new cable, you have to apply for a permit, and the government has some control. But, when you put on these mechanical devices, these new inventions which automatically double the facilities without changing anything, the government has not very much control. With the inventions that are coming out of the future, do you not think it is reasonable that the government should ask for this type of control over these things? Is it unreasonable now for the government—if you had to lay a new cable to double your capacity the government has some control, but by putting on a repeater you double the capacity of your line without any application or without anything. Now, is it unreasonable for the goveernment to ask for something to enable them to keep in contact with what is going on?—A. Mr. Chairman, I want to answer that, but I will not be able to answer that in a sentence. I am mindful of what I heard some of the members saying about wanting to move this thing on, so if the chairman will give me two or three minutes, I will be glad to answer because I do not want to prolong this hearing.

Mr. HAMILTON (*York West*): Before you answer it, would you relate the question to a situation where General Motors gets a special welding machine and turns out two cars instead of one for the same money, whether the government should look at that too.

Mr. HOSKING: The provincial government requires the licensing of those two cars.

The WITNESS: The reason I made the statement, Mr. Chairman, the reason I went through the formality of requesting your permission to answer this was because the honourable member has now put Western Union in the position where we must depart from our prepared text. We said we were not here to argue principles, we were not here to say anything about our legal position, and that question asks us, in fact, something about our legal position. Now, if it will be borne in mind that we are here in order to find out what is intended by the law—

Mr. HERRIDGE: So are we.

The WITNESS: Mr. Chairman, if it will be borne in mind that until we know that it would be silly for Western Union to comment, and if the member will consider what I know and want to say, my own remarks, off the record, I am willing to give a statement. But here again, I certainly should not be instrumental, even indirectly in phrasing the language.

Now, with that perhaps unnecessary preface, let me put it this way: if Canada should enact an amendment to the Telegraphs Act, which amendment would seek to override the reason, or to alter the legislative grants of the administrative authorization and the contracts, which we have enjoyed and earned, I might say, down through the years, Western Union's position then would have to be, of necessity, that there could be no taking of its property, without compensation, and there could be no infringement on its rights.

Now, when such an enactment reached the point where we would take that position? Well, if the law would give to any authority the right to go in and count our repeaters, or check the number of units in the repeater—if, in other words, our laboratory, technical and other staffs are to go ahead in their research to develop this equipment, subject to the over-all mandate of this legislature, that it is not going to do us a bit of good, because, after we have perfected the equipment we have to get permission to use it, one of two things will happen. We will not develop the equipment, or we will go to the courts and state that the act is unconstitutional.

Now, let me back track. It is a matter of common sense, and our courts state that we were authorized to land, to mantain, and to keep in working order these cables.

By Mr. Hosking:

Q. Those were quite serious restrictions too, were they not?—A. Yes, of course. But, generically they were referring to these conductors. I would say this, that any increase in the capacity of these cables by means of repeaters, which make the conductors more efficient, would clearly be within the terms of our authorization. Because, if you will read all that was said about those authorizations, and if you will read it all, it is perfectly clear that the colonial legislature did not intend that we should lay a certain piece of wire and only that piece of wire. They knew it would break, they knew it would be repaired, they knew that the state of science was such that it was advancing; and therefore one did have to apply the rule of reason.

I would say that when a six-channel conductor becomes a twelve-channel conductor, I see no cause for alarm. I see no reason why the government should feel that we are getting more than we should. And that seems to be within the limits of the venture that we undertook.

However, without knowing where to draw the line, if a simple repeater is installed which, say, radically changes the basic nature of the conductor, so that now it will handle 200, or 300, or 800 channels—I mean, where you reach a point where a reasonable man could reasonably say that it is no longer a submarine cable operation, then I would agree that the government could have another look.

Q. Would you not think that the time to make these changes would be before that happened and not afterwards? That is the changes in the line? Remember, when they first gave this company the right to land this cable, they put on restrictions that they thought at that time controlled what they were doing. Now, we find that it does not just mean exactly what it meant 100 years ago, or 70 years ago. Now, do you think it is unreasonable to take a second look at this thing and put it into a modern streamlined form so that we have similar controls today as those that were in existence 75 or 100 years ago?—A. Mr. Chairman, there are three questions there, maybe four. May I respond by saying this. If your assumptions are factual, the answer is yes. But, I submit that your assumptions—they are not erroneous, mind you, I am not quarrelling with you, but your assumptions are not strictly factual, because the Western Union international system today is, generically and basically, precisely that which the legislature of that day had in mind.

Q. Quite true.

Mr. GREEN: Let him answer the question.

Mr. HOSKING: Let me ask—

Mr. NICHOLSON: One at a time. You asked three questions before, let him answer them.

The WITNESS: I do not want to argue, but it was my thought that if we had a coaxial cable, which we slipped under the ocean and labelled 1873, and we gave it now the same label which was originally authorized, and by this metamorphosis, of engineering skill or scientific skill and know-how, placed beneath the sea; then, of course, we would have departed from our authorization.

But, bear this in mind, that every landing made by Western Union was made by those authorizations, where we are the assignee, and it is the original landing, the original authorization. Every alteration and the maintenance of that work is pursuant to the original authority.

Why, we were told that we could bring in duty free that equipment necessary to keep it in operation. So, it was obvious that the granting authority expected the wind and the waves, and the fisherman's hook to cause trouble.

If anyone can point out to me, as a layman—and I suppose that would be the approach—wherein our cable system today has changed so radically that those long dead, who originally authorized it would not recognize it, or at least would say "We want another look at it", then there would be some room for taking some present action. I think the confusion lies in the blurred line. One is thinking coaxial, but writing a law that will not apply to coaxial, but to the authorized landings here.

Mr. HAMILTON (*York West*): Hear, hear.

By Mr. Johnston (Bow River):

Q. May I ask the witness a question? He has made it so simple that I have become confused. I think the minister has almost reached the point where he is going to throw this thing in the waste paper basket. I know I cannot understand it. I think the witness had explained several times that they did not intend to expand their facilities, technically. I was a little confused by that term. I was wondering just what improvement you could make on your present cable system to keep up with this coaxial cable that is to be laid. Now, you have suggested on several occasions that the whole argument arises because of the laying of this coaxial cable.

Now, I would think, if that were permitted and this coaxial cable were granted, and the laying of this were granted, then you would have to have some technical improvements. Now, I cannot understand why you say in the one case that you do not intend to extend your facilities, technically and then just a minute ago you said, "Well, of course, you can improve the present cables by putting in relays, or expanders", or whatever you call them, to double, or maybe triple it, if I got that right. Do you intend to improve them technically, or do you not?—A. Mr. Chairman, here again I have kept track of four questions. I am certain that I cannot answer them in less than two or three minutes. I am perfectly willing to answer them, but I hope the members will not be impatient.

Again, I submit, Mr. Chairman, I am being very serious about it. I am not thinking of it—it is not an accurate resume of my testimony or assumption.

Q. I understood you to say that you did not intend to extend your facilities technically. That is what I wrote down. Maybe I am wrong. —A. Let me tell you what I did say. I am full of these details and I know what I said, and then go on to your qestion. I think it is a very fair question. I said that we have no plans now, or in the foreseeable future to go into the coaxial cable.

Q. I thought you said you had no intention of expanding technically.—A. I will come to that in a moment.

Q. Maybe I am getting my terms confused.—A. To the extent that we are not in the coaxial field now, or in the foreseeable future, we are not concerned with any difference with respect to the coaxial.

Q. I understand that perfectly.—A. I am willing to say that if we were going into the coaxial we would recognize that this would be something of a departure from our normal cable operations, that would require some sort of approval. On that Commercial Cable does not disagree. Now, the significance of that is this. Even if we were going to lay an old type cable, we would have to file, under section 22 of the old law. We do not have the right, and Commercial Cable has not pressed the right, to go out and lay a new cable simply on its own say so, regardless of whether this is brand new, or unusual device capable of swallowing all the traffic over all these old "itty-bitty" conductors.

We start with section 22, and we file an application to the government. They, in council, will make such terms and conditions as the public requires.

I might say that if at that time they think this additional cable, or this coaxial or call it what you will, will cause some kind of problem, I do not see why his action on the petition cannot be on the basis of substantive terms and conditions. You say "control" well, whatever it is that one could reasonably foresee could then flow from that application.

Now, so much for the coaxial. I do not want to use the word, so far as we are concerned.

Now, so far as technological developments are concerned, Western Union may change. I have had a matter of matters which called for familiarity with our equipment, so I have become a little bit of an expert, but do not take that too seriously. We have made up little doll pins, or little units that perform new functions, and for which we work out substitute units which make it foolproof—you do not have to oil them or dust them, and the life may be two years instead of six months. Now, we are constantly going over our equipment. As you can understand, it is subject to the elements. We are changing the kind of metal—we have a plant down in Chattanooga where we fabricate our equipment.

Now, technological development has to be a constant thing. We have units that work fine, but in moist atmosphere they go. So, we are always engaged in technological developments to see that messages are accurate and speedy and that the equipment is made more efficient. Now, that is a constant process. All I said was, that in answer to that hypothetical question—and I thought I gave a long answer previously to the effect that I was speaking off the record—I said, off the record, if the point were ever reached where some encouragement, legislatively imposed, deposited in some government bureau or authority the power to look over the units of our equipment and approve them before we could use them, then we would be hard put, and perhaps foolish to develop anything at all, if it were subjected to approval. But, in any event we could well reach the point where we might say that that is an infringement upon our right. One of the things we possess by right is to replace and take duty free the parts of units and equipment. Now, I readily stated that where the unit was radicaly different, so that it would effect a generic change in the cable, then you would have a problem.

Q. Your difficulty from a technical improvement point of view is not what I have in mind. I understand quite readily that you should be permitted to keep your original equipment in good working order; but the thing that I have in mind is, if you could develop an invention which will double your capacity over that same cable, or treble it, then you are in a position to—if you say, well, this is just as good now as the coaxial cable, therefore we do not want any change in this legislation, because the government is, in effect, speaking about coaxial cables, and we can do as good, or better by making improvements to our present cable that will double or treble our business. Now, have you anything like that in mind?—A. No, sir.

Q. Is there any technical improvement at all where you could double your capacity, or treble it?—A. Mr. Chairman, nothing remotely resembling this. I see your point there; but remember that saying you are going to double something is meaningless. Doubling two is only four, but doubling two million is a lot more. Now, the point is this, I said that once you got into that realm,—and in heaven's name are we in that realm now? That is why I am here. No one, up to this moment, has said that the present cable system of Commercial Cable, or of Western Union has so far advanced, or reached the point that is so far beyond its original authorization that it should now be controlled. That is the point. The fact is that Western Union Cable is substantially as authorized, and the same with Commercial, sir.

Now, assuming that some units could so alter the present authorized operations that they would approach coaxial, that is a terrific assumption. There is no such thing in the wind. One would be foolish to lay a coaxial cable if all one needed was some little repeaters which would accomplish the same result. One problem here is to get the assumptions in line. I submit, Mr. Chairman, that my original question, rhetorical question is a good one, namely: that the effect, operationally, economically, and I hesitate to say this, but I would say politically—that the effect of any nature, taxwise, accountingwise has arisen, now, as related to the past, say the past decade which requires reasonable men to come to reasonable conclusions that the franchise to control authorized chartered, tabulated, and I have in mind the Dominion Bureau of Statistics—annually we record—identify the known located operations are now to be re-tabulated, reidentified, revised, refingerprinted, relicensed.

Now, I know of none. That is not to say that there have not been, but we of Western Union do not know of any situation, and I do not know about Commercial Cables operations; but I might say that I would be very much surprised if anything about the Commercial Cables operations, or the C.O.T.C., as of today, have likewise anything as great which would require now some legislation.

Now, I say, if that is true, then what is the need for establishing controls when you do not know what you are going to control? I will say this, how will you be able to define the nature of the regulations if you do not know what it is you are going to regulate.

Now, one reason for not including regulations in that enactment is that they are pro forma; they are obvious; they are to be administratively drafted. Give us the authority and create the agency and we will then regulate, consistent with the intentions. All right, let us take the law—

I will conclude. Assuming that you now appoint an authority, what criteria, boundaries, instructions, intentions have you established for him as to which he could draw conclusions to be consistent with the purposes? Why do you want any regulations which will be sent to Western Union for compliance? Now, I say the answer to that question is to look at Western Union's record and say what has Western Union done today which so departs from its original authorization that it ought to be changed?

Q. Now, let us hear from the Minister, Mr. Chairman.

Mr. HAMILTON (York West): Let us hear about C.O.T.C.

Hon. Mr. MARLER: I will probably be able to satisfy the honourable member from Oxford, but perhaps not the way he expects.

Mr. Chairman, the first thing I would like to point out to the committee is that what we are discussing here, originated really in the brief of the Commercial Cable Company, and in the application which the Commercial Cable Company made for a landing licence under section 22 of the Telegraphs Act; and I must say that I find it very difficult, after listening to all of the representations that have been made since yesterday afternoon, to know just what the most sensible starting point should be in order to persuade members of this committee that the legislation which is now before it ought to be recommended to the House of Commons for adoption.

I think perhaps it would be best if I were to go back to the time when the application was received by the government for the new cable of the Commercial Cable Company. One point that I would like to make right away,—and I read the brief rather carefully, but I did not see anything in it to cover this aspect of the question,—is the route that is to be followed by the new cable. It was obviously to originate in the United States, to land in Nova Scotia and be carried across Newfoundland. It is, in fact, although the brief does not say this, intended to go to Greenland and Iceland and then to the

United Kingdom. Now, I think that it would be truly unrealistic for anybody to suppose that a cable could be, and should be considered as if one merely laid it from some point on the Atlantic coast without considering where it was going. It seems to me that in these days, and particularly having regard to the developments in the field of telecommunications, that it is highly important that we should know where the cable is going, and what are the attitudes of the other governments who are concerned.

Mr. Henderson told us yesterday that so far as the government of the United Kingdom was concerned, they had no acceptance, and that in fact, I think the words he used were "that there had been no final turn down". So far as Greenland was concerned, he said that the reaction of the Danish government had been favourable. I say the Danish government because of its control over the affairs of Greenland.

All I want to say in that connection is that my information does not correspond with that of Mr. Henderson, that the reaction of the government of Denmark so far as Greenland is concerned was to suggest conditions for the landing permit which were unacceptable to his company. I am not in a position to express any opinion about Iceland because I do not know what the Icelandic government's reaction is.

I think in general that the reaction of the government concerned was that if a cable was needed for defence purposes they would give consent to the landing of such a cable if it were to be used for defence purposes. I think if the members of the committee will re-read the letter which I wrote to Mr. Maclaren and which appears in the Commercial Cable Company's brief, that they will see that our consent to land a cable was given so far as defence circuits were concerned.

I should return later to the question of the defence aspects of the matter, but first I would like to point out to hon. members the number of circuits which were contemplated in the new cable, and that according to the application it would have 120 duplex circuits with a capacity of 60 words per minute each, of which—as the committee will remember—24 were to be opened in Canada. There may be some doubt as to what the significance of the word "outlet" or "opening" is, but so far as I am concerned, I think the committee would understand that that meant 24 more circuits which were going to be opened into Canada to take the business that originated in Canada across the Atlantic, or vice versa.

In this connection, at one stage in the discussion which took place the company represented to the government—that this cable was a replacement of one of the company's 1884 cables. Now I would just like to touch on that point because yesterday we talked about replacing and modernizing and so on. I would like to point out that the proposal was to replace the 1884 cable which had a capacity of less than two duplex circuits by a coaxial cable which had a capacity of 120 duplex circuits. I am quite sure that there is no member of the committee who would honestly think that the word "replaced" should be interpreted in such a broad fashion that where you had a cable with two duplex circuits you could replace it with one which had a capacity of 120.

Another point I would like to draw to the attention of the committee is that the 24 circuits which were to be provided for in this cable and which were to be opened in Canada exceeded the total capacity of all of the present submarine cables between North America and Europe which aggregate altogether about 18½ duplex channels in capacity.

The 24 circuits in Canada were to be just for Canadian business—whereas at present there are 18½ duplex circuits for all the business not only between Canada and the United Kingdom but between the United States and the

United Kingdom—so we were considering merely a part, a one-fifth part, of a cable which was going to have a greater capacity by quite a substantial percentage than all the cables that exist already.

When we came to consider the application, my colleagues and I felt that the application had to be considered in the light of what was already available in the way of cable services and what facilities were in process of being provided.

I mentioned during the debate on the second reading of this bill the plan for the present trans-Atlantic telephone cable that is in process of being laid, and which I think will come into operation in October of this year.

This is a project in which Canada is participating through the C.O.T.C. jointly with the British government represented by the Postmaster General, and the American Telegraph and Telephone Company and its subsidiary, the Eastern Telegraph and Telephone Company.

Mr. GREEN: That is a private company?

Hon. Mr. MARLER: Yes. I understand it is a Canadian subsidiary of the American Telephone and Telegraph Company; and as I say, this project is to build a cable which will have a capacity of 36 voice circuits.

I find it difficult to get technical people to tell me exactly how many telegraph circuits that is equal to. There is to be one cable in each direction and I am told that in round figures the present estimated capacity of that cable expressed in terms of telegraph circuits is something around 800.

This is not as disquieting as it seemed at first, because the great majority of the circuits are to be used for telephone purposes, that is to say, they are to be voice circuits, so that the number available for cable business or for purely telegraphic communication is relatively small.

Canada's participation will give to the C.O.T.C. 6½ voice circuits, of which 6 are to be used for overseas telephone purposes, and half a voice circuit for telegraph purposes.

It does not seem to be perfectly clear whether the one-half circuit will provide, 6, 9 or 12 telephone circuits or more, but it will probably provide us with not less than 9 telegraph circuits and probably more.

In the opinion of the officials of my department, the telegraph circuits that are going to be provided within this cable ought to provide adequately for Canadian needs for some considerable time.

All that is a factor which it was necessary for the government to take into account in considering the application of the Commercial Cable Company for a landing permit under the Telegraphs Act. In fact, I think I should say that it did seem to us—and I think the same thing is true today—that the provision of 24 additional circuits in the cable which the C.C.C. planned to build was an unnecessary duplication of facilities that are already available in Canada or which are immediately in prospect.

I would like to make it perfectly clear to the committee that I do not think there would have been any difference in the decision whether the application had come from Western Union, from Commercial Cable or from any other corporation which proposed to lay a coaxial cable across the Atlantic at the present time.

I do not think that one having the responsibility of deciding whether a landing permit should be granted or not could overlook the fact that the additional facilities that were contemplated in the Commercial Cable Company's application—specifically 24 duplex channels—would have added to the existing facilities a number of new circuits which was inordinately large having regard to those already in existence.

I would like to emphasize the fact that that is a condition which will have to be faced by successive governments as the years go on.

The officials of Commercial Cable Company have interpreted this refusal as being for all time, but I do not think they should do so. I think that as we look forward we shall find that future cables will be given a great deal more attention than was given cables in the past. In the past we were dealing with a small number of circuits but now we shall be dealing with cables having a very large number.

I would like to talk about that a little bit more further on, but I would like to add one further comment in connection with the Commercial cables' application and it is that we have tried to make it clear to the Commercial Cable Company that if they wished to run a cable across the Atlantic to carry business which I think they have a perfect right to carry, that is to say, business originating in the United States, and to carry it to the United Kingdom, I would have no objection to that at all. I hope it has been made perfectly clear to the representatives of that company that if we were talking merely of landing rights to carry what we might call transit business or through traffic, there would be no objection on the part of the government to their making use of points in Canada at which to land their cables. However, the correspondence does seem to make it perfectly clear that the business which originates in the United States and the business which may be picked up and handled by the company in the United Kingdom do not seem to be sufficient in the opinion of the company to justify their building this particular cable. In other words, what they wish to do is to have the Canadian business in order to render profitable communication facilities which are primarily intended for telecommunication between the United States and the United Kingdom.

As I said a few minutes ago, there was a question of defence needs. I should like to tell you that while the application of the company itself does not lay great emphasis on the question of the defence aspects of this case, very little time was lost in making known to the government of Canada and to the officials of my department the fact that this was a most important thing for defence purposes. As I said earlier, the reaction of other governments to the defence need seemed to be of the same as our own, that if there was a real defence need for this cable, we would give our consent to it so that the cable might be laid. But I am sure that hon. members will not be surprised when I say that we would not wish to accept the defence need as a justification for the development of new circuits for commercial purposes.

In their brief yesterday, Mr. Corlett and Mr. Maclaren talked about subsidies in connection with the Trans-Canada Pipe Line. I think when one examines the situation with regard to the cable, that the word "subsidy" could be loosely applied to the proposed cable to a much greater degree than to any other project that has come before the parliament of Canada at this particular session. The reason I say that is that it could loosely used, though I do not think it should be used, strictly speaking, of the circuits which were to be provided for defence purposes and which would be rented by the government of the United States at a rental of $1,600,000 per annum for a period of ten years. So that hon. members will realize that though this might not be in the strict sense a subsidy, it would give to the owners and operators of this cable an economic advantage which none of the other cable companies possesses, either C.O.T.C. or Western Union, and it was a factor to which the government could not fail to attach a good deal of importance.

I feel perfectly sure that if the hon. member of this committee had been in the position I occupy and had been faced with the necessity of making a recommendation to the government with regard to the disposition of the application for a landing licence, he would not have failed to be disquieted by the very substantial amount which this rental would represent in relation to

the anticipated revenue that might be derived from the cable when built and the effect that it would have on the activities of the other companies that are engaged in the cable business in Canada.

Now, I would like to go back to something which I believe has given rise to a complete misunderstanding of the position of the Commercial Cable Company with regard to this new cable, and that is the interpretation which the company is placing upon the statute of 1884.

I would like to point out to the members of the committee that the Commercial Cable Company is an American corporation, that is to say, a corporate body established under the laws of the United States, and that in 1884 it came before the parliament of Canada and received what might be regarded as Canadian status, and it also received powers which are set forth very fully in the statute which the representatives of the company very kindly included in their brief. I think it is from a difference in the interpretation of that statute that so much of the misunderstanding that prevails has arisen.

The Commercial Cable Company, if I understand what was said both publicly and privately on the subject, seems to contend that it has a right to lay cables when it wishes, and that the governor in council may not refuse to grant a landing permit when an application is made, not that the governor in council may not attach to the landing permit conditions that may in any way affect the use of the cable covered by the application.

In my opinion that is a wrong construction of the statute, but I think also it is in fact tantamount to saying that under the statute adopted in 1884, the Commercial Cable Company has in perpetuity the right to lay as many cables as it wishes at any time that it wishes. Now that may be a slight exaggeration of what they have said, but the hon. members know what the company has said and they can form their own opinion as to whether what I have said is accurate or not. But I contend, Mr. Chairman, that this is not an acceptable view, nor do I believe that it is the proper interpretation of the statute.

I think the statute gave the Commercial Cable Company corporate powers or the legal capacity to carry out the operations, let us say, of a cable company in Canada, and that when one reads the statute carefully, one finds that those powers are subordinate to the accomplishment of further formalities which change the character of what the company received under the statute from a right to a power.

Perhaps those hon. members of the committee who are not members of the legal profession may not seize the distinction between the two words, "right" and "power", but if this were a right as suggested, then I take it we would be repudiating a contract if we ever refused them the opportunity to lay a cable when they wished to do so.

If it appears to be a power—something which must be exercised after formalities have been fulfilled—then we may refuse to allow them to exercise that power in accordance with the Telegraphs Act to which I consider their rights are subordinate.

Mr. Chairman, when the application was received in September, 1954, the Deputy Minister of the Department of Justice was asked to give his opinion on the following question: "Whether it would be within the discretionary power of the governor-in-council to refuse to approve the plan and survey of the proposed telegraph cable, or whether it is mandatory on the part of the governor-in-council to give his approval, provided the plan site and location thereof are not objectionable?"

It took some time before we received a reply to our inquiry, and the Deputy Minister of Justice replied that he was of the opinion "that the effect of the provisions of the act of incorporation of the company, Chapter 87 of the Statutes of Canada, 1884, and of the Telegraph Act is to require the approval

of the governor-in-council before the company might exercise the powers conferred by Part III of the Telegraphs Act, or to commence construction of a cable in Canada".

"The question whether the approval required by these statutes is to be given by the governor-in-council or withheld is one to be determined by the governor-in-council as a matter of policy. I do not find in the act any provision, express or implied, that fetters the discretion of the governor-in-council, and he could, in my view, refuse to approve the plan site or location of the proposed cable on any ground that he considers to be in the public interest".

I hope, Mr. Chairman, that I have made it clear in citing both the question to and the reply from the Deputy Minister of Justice that the governor-in-council may, if he deems it to be in the public interest, refuse any application for a landing permit. I would like to emphasize it, because there has been some suggestion that we wished to further the position of C.O.T.C., to develop a monopoly for it. Is it not elementary that if we wished to do that, in the face of the opinion which we received from the Deputy Minister of Justice, we could have just purely and simply said "no", that there would be no landing permit, and nobody could have a complaint.

I shall go so far as to say this, that that would at least have given an opportunity to Commercial Cable Company to go to the courts to decide whether the opinion of the Deputy Minister of Justice is a sound interpretation of the law or not. I think it is a sound interpretation, and, Mr. Chairman, I think that the government has acted properly in dealing with this particular application.

Mr. Maclaren in his brief and in his correspondence with me has rather suggested that though we might approve the application for the landing permit and grant it, we could not attach to the grant of the permit any conditions whatever.

Curiously enough, the application itself clearly is made, not under section 22 sub-paragraphs (*a*) and (*b*), but under section 22 which includes (*a*), (*b*), and (*c*); and speaking from memory my recollection is that sub-paragraph (*c*) says that the governor-in-council may attach to the landing permit such conditions touching on the cable and so on as he thinks fit.

Mr. GREEN: As he sees fit for public good.

Hon. Mr. MARLER: I take it that in a general sense the decisions of the governor-in-council are always taken for the public good, but I am not saying that in any partisan sense at all.

Mr. GREEN: No, it is contained in the statute.

Hon. Mr. MARLER: Unfortunately my memory does not permit me to remember the exact words. However, I do not think that it is essential whether I put in "public good" or not and I will say this right away: that after I read Mr. Maclaren's brief on the subject, I noticed his insistence on the 1884 statute and the provisions of section 22, and I will admit quite frankly that there is ground for the contention that the conditions which might be attached to a landing permit are of a character which, it seems, must be accomplished before the cable goes into operation. I think that it is quite possibly the correct interpretation and that the statute ought to be interpreted in that sense.

I am not saying that that is the view of the government of the situation, but I do say that it is perfectly understandable for somebody reading the statute to come to that conclusion—that the conditions attached to the landing permit seem to contemplate something that is to be done before the landing; in other words, something that is done once and for all.

Now, the effect of Mr. Maclaren's argument that the subparagraph (c) does not permit us to establish continuing conditions is, in my opinion, one of the

strongest arguments I have heard so far why a bill like that now before the committee should be adopted. And why? Because, Mr. Chairman, it gives the government an opportunity to establish conditions which may be accomplished from year to year, or from time to time, after the cable has gone into operation.

Therefore, when Mr. Maclaren argues that under subsection (c) we may not attach conditions of this kind to the grant of a landing permit, that is in my opinion an argument in favour of broadening the legislation so as to enable the government to attach not only to the laying of the cable but to the operation of the cable the kind of conditions which I believe ought to be attached in order to enable—I should say in order to prevent unnecessary duplication of telegraph facilities.

I shall say no more about the Commercial Cable Company's application beyond perhaps stressing the point that the question of whether Commercial Cable Company receives a licence or does not receive a licence is not part of this bill. I think, properly speaking,—although I am not a member of the committee and I would not attempt to invoke the prerogative of a member of the committee—that it was not directly relevant to the consideration of the bill itself; but all that could be said was that perhaps the anticipated policy of the government in the administration of the bill if and when it became law might be judged by the action taken by the government under section 22 of the Telegraphs Act. But I do not think it is directly relevant and I would like to point out and to stress the fact that that issue really is not before the committee at this time.

The great bulk of the evidence made by the Commercial Cable Company was predicated upon an abandonment of other facilities. Mr. Martin this morning dismissed all of the existing cables with just one sentence on the basis that somehow or other they were all going to disappear. We heard from Mr. Levett that apparently his company does not seem to have the intention of removing the cables which they have and I take it that regardless of the outcome of the Commercial Cable Company's efforts to secure a landing permit under the Telegraphs Act they are not going to take up their existing cables.

In point of fact, the truth of it is as Mr. Levett said that the Western Union have eight cables which as I understand it contain 45 simplex circuits. The Commercial Cable Company has six cables with one out of commission, and five others which provide 9½ duplex channels which are equal to 19 simplex circuits. And in addition to that there are two other cables which are the property of Cables and Wireless and which have a capacity of four simplex circuits. So that when anybody talks about a monopoly on the part of C.O.T.C., I cannot help feeling that it is a distortion of the facts, because how could anyone possibly pretend to constitute a monopoly having only four circuits out of a total of something like 68?

Now, I would like to say too, as I did earlier, that if we had had the intention to establish a monopoly for C.O.T.C. it would have been perfectly possible for us to have refused out of hand this application which I referred to earlier. It would have been possible for the government to have expropriated the physical property of all the cable companies in Canada, and I think we could probably have taken steps to terminate by legislation or by expropriation or in some other way the traffic agreements which existed between the Canadian Pacific Telegraphs and the Canadian National Telegraphs and the cable companies. But I do not think that anything that has happened justifies the contention that we are seeking to create a monopoly for C.O.T.C., or that we are trying to do more at the present time than to provide for Canada through C.O.T.C. new facilities in addition to the existing ones, and to provide the kind of service that we believe Canada should have.

I would like to point out that the present situation in the cable business is highly competitive. We heard from Mr. Martin this morning, and I think he described the situation very fairly, that everybody is out for business, and the effect of it is that while everybody is out for business, according to my information the American cable companies have 60 per cent of the Canadian business, and C.O.T.C. has about 40 per cent. Quite frankly I, as the minister who reports to parliament for C.O.T.C., would like very much to see C.O.T.C.'s proportion higher, but I do not propose to make it higher by legislation. I think that it is up to C.O.T.C. to get the business itself.

Let me say as a Canadian that I am not attempting to advocate any policy of narrow nationalism when I say that I would like to see Canadian companies handling a larger segment, or a larger part of the trans-Atlantic business than they now have; but I am not trying to ask the committee to judge these things on a basis of nationalism. I merely urge them to dismiss from their minds the thought that C.O.T.C. is a monopoly, and that there is any intention on the part of the government to make it one; and I urge the practical-minded members of the committee to realize that had there been any such intention on the part of the government it could have accomplished it long before this, without waiting from 1949 until 1956; and I suggest that nothing whatever, apart from the refusal to grant the landing permit which Commercial Cable Company asked for, will bear any interpretation as favouring a monopoly for C.O.T.C.

I want to assure the members of the committee that this bill is not intended to be a measure to control rates. I want to point out to hon. members first of all that, as we saw when we examined the brief yesterday, the provisions of the 1884 statute in fact provide no control of the rates which the Commercial Cable Company may charge. It is well known that the 1884 existing rate structure has now been outmoded, and no one would for an instant have the intention of re-establishing rates at those levels. Secondly, the ceiling is so high that to all practical intents and purposes it is not a limitation on the rates that the company may charge.

The happy part of the present situation, despite this question of whether or not there is a monopoly, is that it is competition which is keeping the rates at their present level.

I want to tell the committee two facts which I believe are important in this proposition. Mr. Martin told us this morning, in comparing Canadian with U.S. rates for cables to London, that the New York rate was 4 cents higher than the Canadian. Does anybody believe that that is a pure accident? I will tell this committee that the reason that the rates are lower in Canada than they are in the United States is because C.O.T.C. has refused to yield to the suggestion that rates should be increased.

I would like to tell the members of the committee this fact: the brief would have the members of this committee believe that C.O.T.C. is a lame duck. I am going to have the privilege of tabling the sixth annual report of C.O.T.C. tomorrow or early next week, and that report is going to show that for the sixth consecutive year C.O.T.C. has made a profit, a profit after paying income tax and a profit after paying interest on the government's investment.

I want to emphasize to the members of the committee the importance of the existence of C.O.T.C. in this cable field. It gives us the means of controlling the rates for cables, because we can go on providing service at a profit at present rates whether the other companies in the cable business are doing so or not and I know, as far as I am concerned, that we are going to try to keep the rates down as low as we can regardless of suggestions that may be made in any other sense.

Mr. Chairman, another point which was made and emphasized at considerable length in the brief was with reference to these agreements that have

been made by Canada from time to time, at the Bermuda conference, the 1948 agreement, and so on. I would like to point out to honourable members, first that it was as a result of just such an agreement as that reached in Paris in 1949 that cable rates generally were reduced to the present levels. I would like to point out that it was not necessary that these agreements should be ratified by parliament or that they should go through the process which some honourable members seem to think they should have gone through. I could not help but feel that it was suggested almost that there was something evil or sinister about these agreements, because they had not been approved in the House of Commons. Well, I will agree that an agreement that is made by the government of Canada with the government of some other country does not, of itself, change the law of Canada, and nobody would be foolish enough to think that a private citizen was bound by an agreement negotiated in that way which was not implemented by legislation, adopted by parliament, which changed the law from the state in which it was before. But let nobody think that the government, in negotiating or concluding these agreements, has done something that it should not have done because the Radio Act, section 3, subsection 1(c), says in effect:

> The governor in council may accede to any international convention in connection with telecommunication, and make such regulations as may be necessary to carry out and make effective the terms of such convention and prescribe penalties recoverable on summary conviction for the violation of such regulations, but such penalties shall not exceed five hundred dollars and costs.

I hope, Mr. Chairman, that that disposes of the question of agreements. No one is relying on the agreements.

I was rather amused to read in the brief that Mr. Maclaren had come to see me and that I had admitted to him that I had never even read the agreements. All I will ask honourable members to conclude from that admission on my part is that I did not read them. But they had no influence whatever on the decision reached on the application of the Commercial Cable Company.

Now, I would like to come to the proposed legislation itself. What has happened since 1876 which would justify some change? I think that I made the position clear in the house the other day, that the development of coaxial cable and the use of coaxial cable for transoceanic communications have completely changed the whole field of subsmarine telecommunications. I do not think that anyone in good faith would deny that statement.

As we all know and as we have heard from the evidence before this committee, cables at the outset had most limited message-carrying capacity. I think the cable with the largest number of simplex circuits for a loaded cable was laid by Western Union in 1926. There were in that cable eight simplex circuits equal to four duplex circuits.

As I said in the house the other day, so long as cable design had not progressed beyond a point where a cable carried four duplex circuits, no one could possibly be disturbed by an application to land a new cable. The fact that it was looked on as a purely mechanical operation to grant approval when somebody came along and said, "May I lay another cable"; it could mean another four, six, or eight circuits, but it did not mean 800 circuits. Of course, I am not suggesting that the cable which we have been talking about in the case of Commercial Cable Company has 800 circuits. No. As I said earlier, it has 120 duplex circuits. But I do suggest that the development of a cable with so many circuits as the coaxial may have gives rise to questions—which did not arise in the same way up to, let us say, 1926—the application we have been discussing shows this very vividly. Here we have a cable with 120 duplex circuits, 24 to be opened in Canada. 24 is more than had existed already, and no such a thing had happened before with the previous legislation, because

nobody could produce in one cable more than six or eight circuits. With the development of coaxial cable and the possibility of such a large number of circuits being added, there is a need, I think, to improve the legislation to provide for the attaching to the landing permit of conditions that are of a continuing character.

The situation might well have been different if Commercial Cable Company had asked us, "Will you allow us to open two new circuits in Canada"; our reaction to such request might very well have been different to their demand that they should be allowed to open twenty-four. But Mr. Maclaren says in effect, "But you may not attach these conditions to the landing permit; you may not say that there will be only two, now, and more in some future period", because his argument is that I cannot set up conditions in the landing permit. In fact, I think it is his belief that in this case I cannot set up any conditions at all. But, getting to a broader aspect of the affair, there is something to be said for the view that I must limit myself to conditions which can be accomplished up until the time that the cable is laid.

I think we should have a broader power and that is the reason why, after a great deal of discussion in my department and in the Department of Justice, we finally devised the form of licensing which is contemplated by this bill.

I want to say immediately—and I hope it will make Mr. Levett feel a little more comfortable about the legislation—that no one in the Department of Transport or in the government is questioning the validity of the landing permits which have been granted in the past, whether it is his company or the Anglo Company or the Commercial Cable Company. No one is challenging the validity of those landing permits.

The original licences said that they might put the cables in such and such a place just as in the United Kingdom under the Telegraphs Act the Postmaster General could give to a cable company the power, or a licence, to land. But it was not in perpetuity. In fact, we have now the situation that in England all the licences have expired and Mr. Levett's position in England is not very different from his position in Canada. The Postmaster General, in theory, could say, "Take your cable away, your licence has come to an end." But nobody is suggesting that the Postmaster General will say that to Mr. Levett or to his company and no one here in Ottawa is proposing to say to Western Union or to Commercial Cable Company that their landing permits granted a long time ago are now going to be revoked; no one is suggesting that.

Mr. HAMILTON (*York West*): If, looking over the number of circuits, one of these companies decided to use a larger number of circuits for their Canadian business, would the minister's statement still hold true?

Hon. Mr. MARLER: Which statement?

Mr. HAMILTON (*York West*): The statement that there is no intention to interfere in any way with the landing permits previously granted to these companies.

Hon. Mr. MARLER: Well, Mr. Chairman, what I was attempting to say was that no one was challenging the validity of these permits at all; they are not in question at all. I realize that that is not an answer to the whole of the question but I shall try to give one in a minute.

Mr. HAMILTON (*York West*): I thought of it because I felt that it had been raised by Mr. Levett.

Hon. Mr. MARLER: Mr. Levett raised a number of questions and I will try to dispose of as many of them as I possibly can. I would like to point out that the licences or landing permits which have been granted were in effect a permission to land the cable in Canada. What we contemplate is a licence which will permit the operation of these cables in the future. I do not believe

it is any more unusual to say that we should like to have a licence for a cable, where we wish to provide a licensing system for cables, than it was in the case of licensing aircraft in Canada, or licensing automobiles; and I do not doubt that hon. members could think of perhaps other examples that could be given where an operation was carried out initially without any licence, but was subjected to licensing afterwards.

Now, the first thing I want to say—and I hope this will set at rest the doubts of both of the cable companies—is that we do not wish to attempt to regulate the way in which they are going to deal with through traffic—traffic originating out of Canada and destined to points outside of Canada.

Somebody may say: "Well, why do you not put that in the hill"? I am ready to consider an amendment which will make it perfectly clear that we do not intend by a licensing system to exercise any control over traffic which originates outside of Canada and destined for points outside of Canada.

But, on the other hand, I do want to say, that while I fully appreciate Mr. Levett's desire that everything should be spelled out in this statute, it is not possible for us to do that. We are dealing with a new field, and I think, it is quite impossible now to foresee all of the situations that we shall have to deal with. There is also the fact,—and this has been perfectly manifested during the discussions before the committee, that we cannot now anticipate all abnormal conditions. We cannot anticipate by legislating so as to put the cable companies in a position where they cannot meet abnormal conditions in the same way in which they do normally. By that, I mean that the last thing that I would wish to do would be to say that in all circumstances, regardless of convenience, regardless of all other causes, Canadian traffic shall be routed via a strictly Canadian route. I know perfectly well, and we all know perfectly well, that there are occasions when it is impossible to transmit a message, let us say, from Montreal to the cable head. Should we say that when the lines are down, we will hold up traffic? Of course not; we have got to be prepared to deal with abnormal conditions. That is one reason why we must have the freedom of action which is contemplated by the section of the bill which enables, not the Minister of Transport, but the governor in council, to make regulations to deal with this licensing.

Now, somebody seemed to think this morning that it would be possible that we might introduce discriminatory regulations. All I can say is: I do not think that in the whole of the history of Canada there has ever been a goverment which has so abused the power to make regulations as in fact to discriminate against one corporation in favour of some other corporation. I think it is perfectly clear that, if any such action were taken by any government, it would not long command the respect and support of the majority of the members of the House of Commons. I say that, regardless of which party may be in power. I fully realize that in theory one may adopt what would appear to be discriminatory provisions in the regulations but I cannot believe that the present government, or any future government, is going to adopt that action under this legislation.

Now, the question comes up as to the term of the licence; for how long are we going to grant the licences. All I can tell you is that we have not been able to come to any conclusion on that subject. But we do realize that the cable companies must know the conditions under which they are operating, and we do not wish to have suspended over their heads any sword of Damocles, although that does seem to be the situation that exists at the present time in the United Kingdom.

It has been suggested that perhaps the fees that might be charged for licences might be abused, and that we might levy an unduly high fee, which in the case of C.O.T.C. would mean nothing to us, but in the case of other corporations would mean a great deal to them. I repudiate any such sug-

gestion as that. I can assure the committee that whatever fees are charged, they will not be used as a deterrent or in order to give one company an advantage over another, or to place any one company at a disadvantage with regard to the others.

There is something, however, that I think I would like to add. I conceive it to be quite within the bounds of possibility that we might provide in the licence a condition prohibiting an increase in the capacity of the cable, or in the capacity of the equipment which was used to operate it. I think it is only manifest that where you are considering the introduction of a coaxial cable, which today is estimated to have, let us say, 100 circuits, that we should say, "That is only today; tomorrow it might be 200, 300 or 400". I think we should have the right to control, as we see fit, changes in the capacity of the cable; and likewise I think that we should have the right to control the opening of new or additional circuits.

Now, honourable members may say, "But what about the possibility of future applications?" I think that if any one of you was in my position you would take the action that I have taken in recommending against the granting of the licence applied for by the Commercial Cable Company. But, I think you would say, "Yes, but this is 1956; what about next year, and what about the year after?" I would like to say that I think we must see what the experience will be when we open these additional circuits in October of this year, and when we see to what extent there really is a need for additional circuits.

Then, too, I think I should say this: Having come to the conclusion that additional circuits are required, I think we are going to say, "Where are they going?" I do not think that we would want to be put into the position, internationally, of saying, "We have said 'Yes' and you other people," wherever they happen to be, France, Belgium, Holland, the United Kingdom or elsewhere, "You solve your own problem now". I do not believe that a telecommunications policy can be based on a purely unilateral action by any single government. I think that as we go on we will find that the establishment of new circuits, particularly when we are considering these large additions to the existing capacities, must, of necessity, be a matter of discussion at government level, when we receive other applications.

Mr. Chairman, I am sorry I have been so long in trying to explain the purposes of this bill, but I do hope that the members of the committee will feel that there is no sinister purpose. We are not, as is suggested, attempting to build C.O.T.C. into a monopoly, but what we are proposing is a reasonable system of regulation, which I think should adequately take care of the situation.

Mr. GREEN: I am sorry to jump up so quickly, but some of us are going to Chalk River this evening and we will not be able to be here. I am worried about the situation with regard to getting direct service from Vancouver. If you remember, Mr. Marler, Mr. Martin mentioned this morning that his plan included the installation of a direct service from Vancouver which would put my city on the same basis as your city of Montreal.

Hon. Mr. MARLER: That would be difficult to do, Mr. Green, but it could be attempted.

Mr. GREEN: Frankly I cannot see any reason why we should be prevented from getting that service. It looks to me as though the only way in which we can get it now, unless there is some change in the department's plan, is by the Vancouver people, and the Vancouver firms being forced to make a contract with the C.O.T.C., when the C.O.T.C. gets this new telephone cable service which is to contain 800—

Hon Mr. MARLER: That is the total expressed in telegraph circuits, Mr. Green, 800, but so far as Canada is concerned, six and a half voice channels out of a total of 36 voice channels.

Mr. GREEN: Is that the position, that the Vancouver business firm will have to make a deal with C.O.T.C. if it is to get that service?

Hon. Mr. MARLER: I do not think so.

Mr. GREEN: How else can they get it?

Hon. Mr. MARLER: Every time I send a cable I do not have to make a contract with anybody.

Mr. GREEN: No. But will there be any other cable company in the field at all except C.O.T.C. if your plan goes through?

Hon. Mr. MARLER: I seem to have heard a good deal today about Western Union and Commercial Cable Company.

Mr. GREEN: They do not have this sort of a contract and will not have it?

Hon. Mr. MARLER: I would not go that far.

Mr. GREEN: They say that they do not have a coaxial system.

Hon. Mr. MARLER: Of course they do not. Neither has Commercial Cable Company.

Mr. GREEN: But Commercial Cable Company are anxious to establish a coaxial system. Why should the business people in Vancouver not have the privilege of doing their business over a system of that type rather than being restricted to the one system which would be under the C.O.T.C.?

Hon. Mr. MARLER: I cannot see that you are restricted. It seems to me that you can make such an arrangement with any one of the three cable companies. They may not wish to take up a single circuit to Vancouver, but that is a matter of their use of the existing facilities. As I say, it is very difficult to see how the situation is so acute when Western Union has forty-five circuits, Commercial Cable Company has nineteen, and C.O.T.C. have only four.

Mr. GREEN: But I understand that the only way this direct service could be made available would be by the coaxial system.

Hon. Mr. Marler: I do not think that that is right. I think what we are talking about is how you get your message from Vancouver to a cable head. You know that that has got to be done by either C.N.T, C.P.T., or the trans-Canada telephone system.

Mr. GREEN: I think that it was described—I do not remember the correct description—but it is a special service this firm would get.

Hon. Mr. MARLER: It is quite possible that they might establish a direct service to Vancouver. I do not deny that.

Mr. GREEN: Then we were told at the present time Commercial Cable Company has lost the business with this particular firm because that firm found that it was cheaper and more satisfactory to use a land wire to Seattle and from there to use the R.C.A. service, because there was no direct service by Commercial Cable Company. Is there any contradiction of that situation?

Hon. Mr. MARLER: No; I will not contradict that. I am merely suggesting that perhaps in the latter part of 1956 this firm may prefer to use the telephone.

Mr. GREEN: Why should a firm which is prepared to give that service be prevented from doing it?

Hon. Mr. MARLER: Because it seems to me that they are providing a lot of of additional facilities that are duplicating those either existing or in prospect.

Mr. GREEN: You say that there is to be no monopoly but, as I understand it, this similar service is to be established by C.O.T.C. plus the British post

office, plus a very large American private firm—American Telephone and Telegraph Corporation. Why should they have a monopoly on a service of that kind from Vancouver?

Hon. Mr. MARLER: I cannot see what Vancouver has to do with this C.O.T.C. cable.

Mr. GREEN: Winnipeg is another example. The business men out there want this direct service and are being offered it by Commercial Cable Company and your department, in effect, say that they cannot have it and that the only way they can get it is through C.O.T.C.

Hon. Mr. MARLER: We are not saying that.

Mr. GREEN: Why is it that that condition exists?

Hon. Mr. MARLER: I do not think it does, Mr. Green.

Mr. GREEN: Then again you said that you did write a letter on February 9, 1955, to Mr. Maclaren?

Hon. Mr. MARLER: I am not denying that for a minute. The letter is there.

Mr. GREEN: I would like to read that to you and ask you about it. It says:

> I refer to your letter of January 28, 1955, and previous correspondence in connection with the application of Commercial Cable Company to land on the coast of Canada a new trans-Atlantic coaxial cable.
>
> The government is prepared, subject to compliance by the company with all statutory requirements, to grant authority for the landing of the proposed cable, subject to certain technical and related stipulations the details of which are now being worked out; and subject to the condition that no circuits shall be terminated in Canada except for
>
> (i) purposes of defence communications from Canada to points outside Canada, so far as other available circuits are insufficient, and
>
> (ii) commercial purposes in respect of circuits leased to Canadian Overseas Telecommunications Corporation.

Why was the C.O.T.C. given that preferred treatment?

Hon. Mr. MARLER: Mr. Chairman, I thought that I had dealt with that very fully when I dealt with the action which we had taken in respect to the Commercial Cable Company application. I think we were faced with this rather unsatisfactory situation that this was being referred to us as a defence need while at the same time it was being used as an opportunity for materially increasing the commercial aspects of the project.

Mr. GREEN: That is all right. I can understand that.

Hon. Mr. MARLER: You may dismiss it in that way; but I cannot do it quite so lightly.

Mr. GREEN: You did not stop at putting in a stipulation about defence communications provided. Further to that you say that they can open a circuit but that no circuits shall be terminated in Canada except for commercial purposes in respect of circuits leased to C.O.T.C. Why was that in there?

Hon. Mr. MARLER: Because it gave them the opportunity of earning revenue which they would not have had had we merely refused.

Mr. GREEN: You said that C.O.T.C. was supposed to compete and was not supposed to be assisted by the government by artificial means. Do you think that that was fair competition when you told this company that the only circuits they could open apart from those for defence purposes would have to be turned over to their competitor, the C.O.T.C.

Hon. Mr. MARLER: I think it was that because, as I said a moment ago, of the emphasis on the defence need I did not see any particular reason why we should proceed to open up twenty-four circuits in Canada.

Mr. GREEN: Is your position still the same today that you will not allow these people to open up any of these circuits on their coaxial cable except such as may be required for defence purposes and some to be used by their competitor, C.O.T.C.?

Hon. Mr. MARLER: As far as C.O.T.C. is concerned, we would be perfectly willing to strike out that condition, but the company apparently does not wish to lay the cable solely for defence purposes. I might say that the attitude which I think I am taking is, I believe, exactly the same attitude as that being adopted by the United Kingdom.

Mr. GREEN: Of course, in the United Kingdom you have all the communication services taken over. We were told here by Mr. Chevrier when the C.O.T.C. was set up that it was not to be a monopoly.

Hon. Mr. MARLER: It is not.

Mr. GREEN: And that there was to be competition. How is there competition when a provision of that type is written into the permit? How does that permit competition?

Hon. Mr. MARLER: Well, as I though I had explained, we have the American companies doing 60 per cent of the Canadian business and having in the case of Western Union 45 simplex circuits, and Commercial Cable Company having 19, while C.O.T.C. has 4, I do not think that the situation can be described as even approaching a monopoly and I do not believe that the imposing of that condition to which you have just referred would justify an assertion that we were making a monopoly out of C.O.T.C.

Mr. GREEN: I did not say that you are making a monopoly, but I wonder if you considered that as fair competition? We should know whether government policy is for fair competition or whether it is a policy of aiding crown corporations. You cannot have it both ways.

Hon. Mr. MARLER: I think your feeling about competition might be a little different if you remembered the fact that this cable is to receive $1,600,000 from the United States government for circuits which it was proposing to rent. I think if one does not take that into account it is very easy to appear to be advocating a great principle; but I must admit that that is a factor I cannot overlook.

Mr. GREEN: Do you suppose that the American Telephone and Telegraph Company is not receiving any subsidies from the United States defence department, and that it is extraordinary in relation to this new cable?

Hon. Mr. MARLER: Yes, it has half a circuit, and there are 29 other circuits to be used for telephone purposes but which are not competing with ours and for which we are not paid.

Mr. GREEN: Are your conditions still standing as laid down in February 1955? Are you now prepared to make a change? Are you prepared to allow this company to open up some of those coaxial circuits in Canada?

Hon. Mr. MARLER: So long as the Telegraphs Act remains as it is I do not think I would change my answer. If we adopt this legislation which is before the committee, I think I would possibly adopt a different position.

Mr. GREEN: I think the committee should know what you propose to do, because it might make quite a difference in considering the bill. Do you propose to make some change in the policy, or what is the situation today?

Hon. Mr. MARLER: I think I made it perfectly clear that when it came to granting any application for a landing permit we would have to do that after we consulted with the other governments at the points where the cable was going to be, and that we would be guided in our determination by whatever the situation would be after the new cable came into operation.

Mr. GREEN: Does that mean that in fact you are carrying out the terms that were in one or more of these treaties, that private firms should be restricted?

Hon. Mr. MARLER: I am afraid that I do not see the connection, Mr. Green.

Mr. GREEN: How are these people going to modernize their cable system? Here they are prepared to spend a good many million dollars to put in a new cable and they are prepared to spend quite a large sum of money in our eastern provinces which will be the result of the cable being put in. Why should they not be able to modernize their services? They should have that right rather than to be restricted by C.O.T.C. and its partner.

Hon. Mr. MARLER: There is a great difference between modernization and installing a cable which has more capacity than all the existing cables that are already installed.

Mr. GREEN: You say that so far as the Canadian government is concerned they cannot have a coaxial cable or system, whatever it is called or described. Is that possibly the view your department is taking?

Hon. Mr. MARLER: The approach which the department is taking is that the Commercial Cable Company asked for a permit to land a coaxial cable of 120 duplex circuits, and we said you may use them for defence purposes and make a connection in Canada for defence purposes, where existing facilities are not adequate, but if you open any circuits for commercial purposes you must do so by leasing them to C.O.T.C.

Mr. GREEN: Then, Mr. Marler, you made quite a point about not allowing any duplication of circuits in Canada. Just what harm would some duplication do? Would that not be to the benefit of the users?

Hon. Mr. MARLER: I think a good deal depends on the condition under which the duplication is produced. Where you produce it with $1,600,000 paid in government rentals, I think that creates a situation which is not the same as where a company comes forward entirely on its own without any, shall I say, underwriting of that kind, and is on an even footing with all of the other people.

Mr. GREEN: Have you in mind, then, that your department should be in a position that it might decide where there is duplication, and when there is not, and how much duplication there shall be?

Hon. Mr. MARLER: I think that is the present situation. I think that has been the situation since 1876.

Mr. GREEN: You believe your department should be given that power to decide?

Hon. Mr. MARLER: I think they have the power under the Telegraphs Act, and I think we can refuse applications if we wish to do so. Perhaps I should clarify that. I do not mean my department, I mean the governor in council.

Mr. GREEN: Has that power been exercised in Canada before?

Hon. Mr. MARLER: No, it has not had to be exercised in Canada before, because we have never been faced with the problem of having to deal with the effect of coaxial cable on a situation where the number of circuits was so small.

Mr. GREEN: And you also said that you wanted to have the power to say where these circuits are to go. Does that mean—

Hon. Mr. MARLER: No, I did not say that Mr. Green.

Mr. GREEN: I understood you to use words to that effect.

Hon. Mr. MARLER: I am sorry, I certainly did not wish to give that impression.

Mr. GREEN: Just what power do you want to have over these circuits?

Hon. Mr. MARLER: I want to have the power to decide where additional circuits will open. I think that when I grant—or when the government grants a landing permit, it should have the right to provide for the opening of additional circuits, if need be. But, I do not think that we should be in the situation where we are unable to say anything which is intermediate between yes and no. That is the reason why I think we should have some system of licensing.

Mr. GREEN: Suppose you decide next year that there should be four additional circuits, then, do you want the power to say where they are to be used, or for what part of Canada they are to be used?

Hon. Mr. MARLER: No.

Mr. GREEN: Who is going to decide that?

Hon. Mr. MARLER: Inasmuch as the act deals with external communications, I do not think that there would be any purpose in attempting to regulate circuits in Canada.

Mr. GREEN: But what power would you desire over the use of those circuits?

Hon. Mr. MARLER: We do not propose to exercise any power over the use of the circuits, provided they are used in a perfectly normal fashion.

Mr. GREEN: What do you mean by the statement you made in the house on July 3 to the effect that the proposed licensing system would enable us to exercise some measure of control traffic originating in Canada?

Hon. Mr. MARLER: Mr. Chairman, I think that if messages are originating, for example, in Winnipeg, and they are going to be carried across Canadian lines to Montreal, they should go on from Montreal to the cable head at Sydney, or wherever it happens to be, over Canadian lines. I do not think they should be routed down to New York and out on the cable at the New York end, any more than I think a message orginating in Vancouver should be routed by land lines to Seattle, carried across the United States by American facilities and put on the cable at the New York end, when they can be carried across Canada perfectly properly and put on the circuit on the Canadian cable head regardless of which company it is.

Mr. GREEN: You have had evidence given that a message from Vancouver to Japan at the present time would have to go right across to London and around the world rather than going over the Pacific. Now, is that the kind of thing you are trying to force?

Hon. Mr. MARLER: I have been talking about routing across the North Atlantic, I was not thinking particularly of Japan.

Mr. GREEN: There is a Pacific ocean too, what about that example?

Hon. Mr. MARLER: Are we talking about the possibility of a new Pacific cable?

Mr. GREEN: No. I am asking about the position at the present time. We had evidence that if a person wanted to send a cable from Vancouver to Japan by your route, it has to go right across Canada, then to London and right clean around the world to get to Japan, whereas on the commercial route it would go to Seattle and directly to Japan.

Hon. Mr. MARLER: Mr. Green, I will say at once that we would not want to dictate a routing which did not make sense.

Mr. GREEN: I beg your pardon?

Hon. Mr. MARLER: I would not want to dictate a routing which did not make sense.

Mr. HAMILTON (*York West*): You might not, sir, but how about a successor?

Hon. Mr. MARLER: I am quite sure, Mr. Hamilton, that there will be brighter successors than I am, and I think you can have perfect confidence in them.

Mr. GREEN: Mr. Marler, you would not be deciding the routing anyway, it would be one of your officials?

Hon. Mr. MARLER: As a matter of fact, I think the question of routing is distinctly a technical one. I am firmly convinced that it is not possible to legislate, as I said in my remarks earlier, and to dictate the route that messages would follow. But, at the same time, I would very much like to see Canadian business carried over Canadian facilities. I do not want to depart from that. I am not going to say that if it means waiting for two hours, or two days, or two weeks, to get it over Canadian facilities that that must be done. That is the reason why I believe one has got to take account of abnormal conditions.

Mr. NIXON: I think that we have had a very very heavy afternoon and I think we should adjourn.

The CHAIRMAN: We will adjourn until 8 o'clock.

EVENING SESSION

THURSDAY, JULY 12, 1956.

The CHAIRMAN: Order, gentlemen. Are there any questions?

Mr. JOHNSTON (*Bow River*): I would like to ask the minister this question. I wonder if the minister would table the application which was made by the Commercial Cable Company for permission to lay that coaxial cable? He referred to it a couple of times and I wonder if he would table it so that the members of the committee might see it?

Hon. GEORGE C. MARLER (*Minister of Transport*): I do not think I can table the application itself because it is an original document.

Mr. JOHNSTON (*Bow River*): Well could we have a copy of it put before the committee?

Hon. Mr. MARLER: It is not a question really of releasing it to the committee, I do not object to doing that, but this is the only one I have, and it is the original.

Mr. JOHNSTON (*Bow River*): It may be that tomorrow you could produce a copy of it so that it could be included in our records?

Hon. Mr. MARLER: The committee is not meeting tomorrow. So far as the application itself is concerned, I think I could undertake to file a copy of it without any difficulty, if that would be satisfactory. I would have no objection to doing that.

Mr. JOHNSTON (*Bow River*): That would be quite all right.

Hon. Mr. MARLER: I mean of the actual formal application itself, but not the plans.

Mr. JOHNSTON (*Bow River*): When you say just the formal application, what do you mean?

Hon. Mr. MARLER: I mean just the formal application, which is a matter of seven pages or thereabouts.

Mr. JOHNSTON (*Bow River*): I would like to ask the minister what would be his judgment in a situation like this: if we refused to agree to have this application accepted, to lay this coaxial cable, would it in any way lessen the speed of communication?

Hon. Mr. MARLER: Well, Mr. Johnston, I have tried to make it clear that it is not the committee which deals with the application. The application under the Telegraphs Act is made to the governor in council and the brief which the Commercial Cable Company has filed includes the formal answers that I gave on that application, and there has been no change in that situation since then.

There has been some discussion; there was originally some discussion following this letter dealing with the technical aspects of the question, but I think I am right in saying there has been no discussion at all touching on the substance of that letter since it was written.

Mr. JOHNSTON (*Bow River*): My next question is this: if we do not have the coaxial cable laid, would there, as a result of that—would there be any slowing up of the transmission of those messages? I understand the coaxial cable would hasten the sending of messages. What would be our position if we did not have one and other countries did?

Hon. Mr. MARLER: I do not think the question can be dealt with quite in that form. As I said this afternoon, the new trans-Atlantic telephone cable is a coaxial cable in which at least six telegraph circuits are to be made available by C.O.T.C.; and I think from the information that has been given to me that those six additional circuits will more than take care of the needs of the additional telegraph requirements. In addition, you will of course appreciate that the setting up of six telephone circuits at the same time in the new coaxial cable will probably diminish the amount of business that would ordinarily be transmitted by the cable, because I think most of us agree that where we can telephone, and where there is a factor of urgency, we would probably use the telephone rather than cabling. In just the same way we use the long distance telephone in place of using the telegraph service.

Mr. JOHNSTON (*Bow River*): Is it your opinion that as time goes on the telephone will replace the cable?

Hon. Mr. MARLER: I think that has been the history in telecommunication. I would not say it would replace it, but I think you will find there will be an increase in telephone communication and probably a decrease in telegraphic communication. But on the other hand, it may well be that the provision of teleprinter service and so on may account or make up for what is lost from telegraph to telephone.

Mr. JOHNSTON (*Bow River*): I have one other question. I would like to ask about this thing. If this company were allowed to lay this coaxial cable, would it result in lowered costs? I note that you said a while ago that they had made application for an increase in prices.

Hon. Mr. MARLER: I did not say that. I said that the C.O.T.C. had been under pressure by the other cable companies to increase the rates, but they did not yield to that pressure.

Mr. JOHNSTON (*Bow River*): Would the laying of this cable result in the lowering of the price?

Hon. Mr. MARLER: I think it is very difficult to give an answer to that question. What I find disturbing about it is the very substantial sum that would be paid by the United States government for the circuits in the proposed cable that it would expect to lease. The figure I gave was $1,600,000 and I find it very difficult to assess its over-all effect on the rates generally. But it did occur to us that it might possibly give rise to a situation to which Mr. Hosking referred earlier in the day where the services to Canada might be regarded almost as a by-product of the main cable. That is a matter of opinion, and I am sure that it is probably not shared by the Commercial Cable

Company. But I find it very difficult to speculate at all on what the result would be when you earn such a substantial amount from a lease to the government.

Mr. JOHNSTON (*Bow River*): What I had in mind was this: that if we were to permit the laying of this cable by the Commercial Cable Company and assuming that it has so many more channels than the other companies combined, and with the huge grant which they would get from the United States government, that they may be in a position—I do not say that they would do this—but they would be in a very good position to go out and seek more business with a lowering of the rates which would make it unprofitable for the others to continue.

Hon. Mr. MARLER: I shall have to leave you to form your own conclusions from the facts, but I can understand that line of reasoning.

Mr. CARTER: Can you say what relationship that $1,600,000 which you mentioned would have to the capital investment?

Hon. Mr. MARLER: I find it a little difficult to tell you what the capital investment is expected to be because initially in my file of correspondence there was mentioned the sum of $25 million, but later it appears to be mentioned as $35 million, and I do not know which is the correct figure.

Mr. NESBITT: I have one or two questions to ask on this point. First of all, I think this is a very pertinent question indeed and it is this: at the present time does the Department of Transport or the governor in council or anybody else, or any other authority—have any power to control the rates which are charged by the various companies ?

Hon Mr. MARLER: There are some provisions in the Telegraphs Act, but I am told there was a question as to whether they are effective in as much as they do not seem in their terms to extend beyond the territorial limits of Canada. There is also a provision in the Railway Act which would give jurisdiction to the Board of Transport Commissioners over cable rates. My understanding is that that section of the act has not been proclaimed.

Mr. NESBITT: I would say in that connection, since you are in doubt as to whether any existing regulation would regulate rates by either the Board of Transport Commissioners or anybody else, that there is a possibility; and one of the things which worries the government would be that because of the form of the subsidy to the Commercial Cable Company, that they might be able to engage in a rate war or something like that.

Hon. Mr. MARLER: Perhaps I should put it to you this way—that while the rates may be uniform the amount which might be spent to attract business might be greater in one case than in another.

Mr. NESBITT: I see, you mean for advertising?

Hon. Mr. MARLER: Yes, or the amount paid under the traffic agreements might be greater in one case than in another. I am not suggesting that the company would do these things, but there is the possibility which I think should be considered at the same time that one talks about rates.

Mr. NESBITT: A moment ago there was a section of the act mentioned which gave jurisdiction to the Board of Transport Commissioners.

Hon. Mr. MARLER: That was the Railway Act.

Mr. NESBITT: Yes. What would be the objection to having that section proclaimed?

Hon. Mr. MARLER: I think the answer to that is that the existence of competition between the three cable companies at the present time has brought about what seems to me to be an ideal situation, that competition is keeping the rates down rather than some government orders.

Mr. NESBITT: That is the crux of the government's objection to the argument put forth by the Commercial Cable Company, and it would seems to be this: that because of the great number of increased—I hate to use the word—"outlets", by the addition of the coaxial cable, and I suppose the indirect form of subsidy by the United States government to the same company, that it might possibly give this company an advantage not only as far as the rates were concerned, but indirectly by attracting business or something of that nature; and also the fact that they would have such a large number, such an increased number of outlets to carry the business.

Hon. Mr. MARLER: An increased number of circuits, yes.

Mr. NESBITT: That is right, as compared to the other existing companies.

Hon. Mr. MARLER: As I mentioned this afternoon, the application was made for 24 circuits to be terminated in Canada, and that is more than all the existing cables which are now serving the north Atlantic. I would think that anybody faced with that situation, where Canada alone doubles the whole of the existing facilities which are provided to serve the North American continent, would find that sort of thing rather disturbing.

Mr. NESBITT: I can follow the thinking as far as the form of indirect subsidy is concerned, in itself, but I do not quite understand just how an increase in the number of circuits of this coaxial cable would give to the Commercial Cable Company such an additional advantage. I can see where there might be some cause for worry over the subsidy, and I can follow that line of reasoning quite easily, but I cannot quite get it straightened out how an increased number of outlets would necessarily affect the other companies.

Hon. Mr. MARLER: Well, it is a little difficult to break down a project and look at one aspect of it only. If you take out the $1,600,000 to be paid by the one renter alone, it at once changes the picture very much, but what I find difficult to accept is that we should be faced with a situation where our existing capacity—I am told that the Commercial Cable Company can handle the Canadian business with a double duplex circuit and that is the number it now has; that may not be correct, but that is the information I have been given; while here we have 24 duplex circuits that are being proposed to be opened in Canada. I find that figure very disturbing.

Mr. NESBITT: I think that is at the crux of the problem. I can see, as I said before, why there might be some cause for worry because of this subsidy because it might attract business and tend to injure the other companies which are in competition. But, Mr. Minister, what is the situation at the present time when you have said that the Commercial Cable Company can carry its business on—

Hon. Mr. MARLER: I am talking about the Canadian business only.

Mr. NESBITT: Was it on two circuits?

Hon. Mr. MARLER: I understand two duplex circuits. I would not be in a position to prove that and I do not ask the committee to accept it.

Mr. NESBITT: For argument's sake, let us assume that that is the case. What particular difference would it make if there were a great many media of communication; because if they could not use them, what difference would it make whether they had twenty-four additional outlets, or twelve, or six?

Mr. HAMILTON (*York West*): He means, who is it disturbing?

Hon. Mr. MARLER: I think it is disturbing both C.O.T.C. and Western Union. It is obviously not disturbing themselves because they are the third factor.

Mr. NESBITT: It is disturbing C.O.T.C. and Western Union possibly.

Hon. Mr. MARLER: Yes. I think I made it clear this afternoon—certainly I tried to—that what is basically the difficulty here is the provision of duplicate facilities which we do not think are required.

Mr. NESBITT: I understand that the objection is to having duplicate facilities, but if the government is not putting up the money, and if some private company wants to spend a lot of money putting in duplicate facilities, what is the objection?

Hon. Mr. MARLER: If one had no concern as to the consequences, it would not make any difference.

Mr. NESBITT: It is a very complicated problem and I am trying to get to the bottom of it.

Hon. Mr. MARLER: I do not think that I can add anything further to what I have already said. I have said it in about six different ways. I think that what we are talking about is unnecessary duplication, and, I think, in the last analysis, the people who would have to pay for it are the people who are going to use, or not use, the service.

Mr. NESBITT: If there is competition at the present time, as you stated there was, it may well be true that because of this indirect type of subsidy that the Commercial Cable Company is going to receive from the government of the United States that they may be in a better position to attract business. I can see that point. But I cannot see what disagreeable consequences would arise in the abstract—and to whom—by having some duplication of channels of communication if the present existing channels are adequate or more than adequate.

Mr. HOSKING: Would not a similar situation be this: if you went and bought all the wheat and decided to build a railway across Canada and promised the company building this railway all the business of moving wheat, would that not be a similar situation to this with respect to communications?

Mr. NESBITT: I can see what you are getting at; but I do not think so for this reason, that it has always been the practice in this country when a railway got itself in a position like that that it became a part of the Canadian National Railways system.

Here we are dealing with cables which are outside of the country itself and over which the country has no responsibility other than when they touch our shores. I cannot see what the minister's concern is when some private company is laying cables under the ocean outside the territory of Canada. I cannot see why that would make any particular difference to the government. I am sorry but I am not able to see that.

Mr. LEBOE: Mr. Chairman, it seems to me here that we have a situation which is almost a paradox. In one breath the minister says that the C.O.T.C. is protesting a rise in rates. In the next breath we are registering fear of unfair competition. Is that not true?

Hon. Mr. MARLER: Mr. Leboe, that would be true if we were forgetting entirely about the new cable. What I am talking about is a situation which exists at the present which is regulated by competition and I am expressing apprehension as to the effect on that situation of the building of another cable expected to have twenty-four outlets into Canada and which is receiving in rent $1,600,000 from the United States government.

Mr. LEBOE: Are you suggesting, Mr. Minister, then that in the face of the competition of C.O.T.C. and the other companies that the company making the application now is going to go ahead on this proposition knowing full well that they are going behind the eight-ball, as it were, in the long run?

Hon. Mr. MARLER: I do not just say that they are behind the eight-ball in the long run. I think, if they have $1,600,000 for ten years to start with from the United States government—

Mr. LEBOE: Is that rent?

Hon. Mr. MARLER: Yes.

Mr. LEBOE: If you were to rent services from the company that wanted to put this coaxial cable across, you would be doing the same thing as the United States government is doing on the other side.

Hon. Mr. MARLER: I can assure you that we are not going to pay $1,600,000.

Mr. HAMILTON (*York West*): There is nothing unusual, Mr. Chairman, about this method of financing construction—is there?

Hon. Mr. MARLER: I am not suggesting that there is anything unusual. I suggest that when a cable company starts off with a government rent of $1,600,000 for some of its circuits, that it gives it a very great advantage over its competitors. So far as the C.O.T.C. is concerned, I do not mind expressing my own apprehension as to what would be the effect on Canadian telecommunications if we have Commercial Cable Company coming into Canada with twenty-four outlets and $1,600,000 in rent coming from the United States government. All I can say is that I am fearful of the effect which it may have on C.O.T.C. I do not want to see C.O.T.C. operated at a deficit, and I do not want to see them put out of business by foreign competition.

Mr. HAMILTON (*York West*): Nothing has been said here in respect to the plea which the company made on peak loads and the time zone of doing business in a foreign country, for instance in Europe and Canada. A time limit may bring their operating time for business down to two hours and their claim was that there are times when there are many many more circuits needed.

Hon. Mr. MARLER: I imagine that that applies to all business in some form, that they have peak loads of one kind or another.

Mr. HAMILTON (*York West*): Does not a peak load bring in the situation where service comes into the picture? It is not what we charge for the service, but rather the amount of service which goes with the charge.

Hon. Mr. MARLER: I do not see just what observation I am expected to make on that statement.

Mr. BARNETT: Mr. Chairman, while there is a lot of subject matter relating to the question of this cable which the Commercial Cable Company has applied for, after all when one boils it down we are dealing with a subject matter which, as I understand it, comes under section 22 of the existing act, under which section the minister, rightly or wrongly, has already taken certain action. It seems to me that we should direct some of our questions more particularly to the bill which is before us.

It does seem to me that some of the questions which were raised earlier today by the representatives of the Western Union bear much more directly upon the proposed amendment to the Telegraphs Act than does this question of the building, or otherwise, of this coaxial cable. In particular, it does seem to me that the questions which were raised bear directly upon the provision in this licensing part of the Telegraphs Act which is being proposed in respect to the regulations which are going to be put into effect.

Now, looking over the proposals under the various subsections of section 42, it seems to me that subsections (a) and (b) are fairly routine, but that the operational part of the regulations which are proposed would come under subsections (c), (d) and (e). I think that we might have some further elaboration from the minister on the questions raised as to the desirability or otherwise of having this proposed part of the act applicable to the cable installations.

I think that it might be quite helpful to the committee if the minister could indicate in a more definite way than he did earlier, just what he has in mind in respect to the regulations.

I recall a case, a year or so ago, when we were considering another licence bill—the International Rivers Bill—and at one stage in the discussion the minister who was piloting that bill through parliament did agree to submit to the committee a memorandum of what the governor in council had in mind in the way of regulations. I do not know, at this particular moment, whether I would request the Minister of Transport to do the same thing here, but I think it would be valuable if he would elaborate a little more fully on what is in his mind. It seems to me the real meat of this bill is not only what is going to be done under the regulations, but if we are going to understand its real purpose we should have further direction. I am also going on the assumption, inasmuch as the bill consists so largely of what is going to be in the regulations, that before the bill was drafted, undoubtedly there must have been some consideration given as to what would be required by way or regulation and, therefore, we should have to have that information available to us.

The first point, perhaps, would be in relation to this question on the application of this proposed act to the already existing cable lines that are in operation at the present time.

Hon. Mr. MARLER: Mr. Chairman, I thought, when we got to the point of dealing with the bill clause by clause, that I would try to answer that request.

Mr. HOSKING: If this Bill 212 is passed, would there be favourable consideration given to an application for the company to lay coaxial cable?

Hon. Mr. MARLER: What I said this afternoon, Mr. Hosking, was that at the present time, so long as the Telegraphs Act remains in its present form, I think that we must maintain the attitude that we have taken and which is expressed in the letter which I wrote to Mr. Maclaren. If the act is amended, in the sense of this bill, I think it puts the company seeking the application in a slightly different light. But I think that I should repeat what I said this afternoon that I am not anxious to start increasing the number of circuits so far as Canadian business is concerned until we have seen what is the effect on telephone and telegraph communications on the opening of the new trans-Atlantic cable in October.

Mr. HOSKING: As I understand your answer, it says in effect that if they wanted to go ahead and build a coaxial cable without expecting to get any additional rent in Canada—

Hon. Mr. MARLER: We would have no objection.

Mr. HOSKING: You would let them go ahead and if we needed any more service, and it was available to us, it would be there.

Hon. Mr. MARLER: I think that the act enables me to do things in that way in the new bill, which the present law does not.

Mr. LEBOE: There is a question in my mind that with the teletype service which we have, between Canada and the United States, as I understand it, it is an unregulated teletype service between Canada and the United States at this moment.

Hon. Mr. MARLER: That is not affected by this bill.

Mr. LEBOE: Supposing the cable is landed into the shores of the U.S., there is nothing to prevent the teletype relaying that message from a United States centre and travelling on the United States lines?

Hon. Mr. MARLER: No, I think there is not, as a matter of fact. Of course, if the situation became confused it would be possible to enact the legislation to cover it.

Mr. LEBOE: In other words, to prevent the teletype transmissions?

Hon. Mr. MARLER: Yes, if that was thought desirable. I am not suggesting that I do think it is desirable. When we are talking about a hypothetical situation, I do not like to predict hypothetical actions.

Mr. LEBOE: These things do develop the pressure of business?

Hon. Mr. MARLER: Of course they do.

Mr. LEBOE: I think if that were the case, and I am particularly thinking that if I were in business, and it became convenient for me to use the teletype to get on through or take the routes such as has been suggested here by the company, that I would certainly use that method to get through and divert the business through the United States.

Hon. Mr. MARLER: That is why I said that I thought we had to take into account normal conditions. When your circuits are down, when your circuits are overloaded I think we have got to take a reasonable view with regard to the route this would follow. But, on the other hand, I am quite sure, Mr. Leboe, you would agree it would not be desirable, that it should become normal that the business that might reasonably and conveniently, and without any loss of time, be transmitted over Canadian facilities in Canada, should be carried over United States circuits.

Mr. LEBOE: The thing I cannot figure out, if we are going to take the teletype set here and operate through into the United States to carry our peak load, why should we not have connections directly into Canada so that they would at least be carried on Canadian wire, at least from, say Vancouver, or Montreal, or wherever the outlet is?

Hon. Mr. MARLER: I agree with you on that.

Mr. LEBOE: And having circuits here provided for by these companies without a dollar invested by the taxpayers of Canada would seem to me would be to the benefit rather than the loss of business?

Hon. Mr. MARLER: Mr. Leboe, you are perfectly entitled to that opinion, but I do not share it.

Mr. NESBITT: Mr. Minister, regarding section 22, I believe it is, of this act, are there any doubts in the minds, say of the Department of Transport, as a result of consultation with the Department of Justice as to the legal force of that act regarding the governor in council?

Hon. Mr. MARLER: No. This afternoon, Mr. Nesbitt, I read an excerpt of the opinion of the Deputy Minister of Justice, which made it perfectly clear that the governor in council can refuse to grant an application for a landing permit if he believes there are good grounds for doing so.

Mr. NESBITT: Then there was no doubt in the mind of the department about it. Is there any suggestion, Mr. Minister, that section 4, as proposed under Bill 212—is it your opinion, Mr. Minister, after consultation with the Department of Justice, that Bill 212 will increase the efficacy of section 22?

Hon. Mr. MARLER: Frankly, I have not asked the Department of Justice that specific question. But, the bill was designed in order that we could do things that I think there are some doubts about under section 22 as it is now written.

Mr. NESBITT: It would increase the powers?

Hon. Mr. MARLER: I think I said in the house, or certainly I intended to say, that it seemed to me that it gave much more flexibility in the administration of the act to the governor in council. It would enable him to distinguish, or to find something intermediate between a yes or a no solution.

Mr. HAMILTON (*York West*): It would enable him to deal with companies that already had their lines laid as distinct from companies that are to lay lines, as I see it under section 22. You could impose conditions on the laying of a new line, but you might not be able to do it in connection with the use of present lines?

Hon. Mr. MARLER: I do not think we could, quite frankly.

Mr. HAMILTON (*York West*): No; so that this section, this act is chiefly to deal with those companies which are already in business?

Hon. Mr. MARLER: I will not subscribe to the word "chiefly", but it has the effect of dealing with both applications for new landing permits, in the way that I have already touched on. Secondly, in exercising some control over the activities of the cable companies with regard to the cables that happen to be there at any particular time. Those include, I think, the opening of additional circuits, the introduction of equipment which may greatly increase the number of circuits in Canada. Moreover, I think it would give us, as I said in the house, something to say about the routing of traffic.

Mr. NESBITT: Mr. Minister, having had a little time to reflect on some of your comments of a few moments ago, am I right in gathering from your remarks that the worry about the increased number of outlets that this suggested coaxial cable that Commercial Cable Company would have would be the effect that in case they would be able to increase their business by inducements due to this subsidy, that they might drive all the business out of the existing cables that belong to competing companies into their own additional outlets, leaving the other ones blank?

Hon. Mr. MARLER: Perhaps that is imaginative, but I think it is a perfectly legitimate reflection on the state of affairs, that I believe would have resulted if we had accepted the application as it was presented.

Mr. NESBITT: That, I take it, is the concern?

Hon. Mr. MARLER: Yes.

Mr. NESBITT: There are no subsidies, direct or indirect, in any way that the C.O.T.C. receives?

Hon. Mr. MARLER: No, there are none at all.

Mr. LEBOE: This is not a subsidy, is it; it is a rental?

Hon. Mr. MARLER: I do not call it a subsidy, Mr. Leboe, except using the term in the loosest form.

Mr. LEBOE: I think it is a lease or a rental.

Hon. Mr. MARLER: Yes. As we all know, when it comes to renting something to the government we will have an opinion as to whether a rental is an economical rental, a distress rental or a very generous rental.

Mr. HAMILTON (*York West*): I would suggest that that is a very general way of financing. It is done even in building?

Hon. Mr. MARLER: Yes, of course it is.

Mr. HAMILTON (*York West*): Where the lease arrangement is arrived at in advance, and the financing is then obtained for the construction of the building.

Hon. Mr. MARLER: Quite so. I think it is a perfectly understandable arrangement, but when one comes to appreciate its effects, and they go outside the country where the operation occurs, then I think the situation becomes, as I said, disturbing.

Mr. HAMILTON (*York West*): Mr. Chairman, the frightening thing to me in the minister's statement is that it goes beyond the question of outlets, I think it is quite apparent now that it is his proposal to regulate within the

country the method of the sending of cablegrams. I think that he has used the terms, and I do not think I am misquoting him, routing within the country to see that—

Hon. Mr. MARLER: I did not say "within the country"; you are saying that.

Mr. HAMILTON (*York West*): Routing so that it would ensure that under certain circumstances, lines in Canada would be used for purposes, which I can only gather is a complete blanket control over the facilities that presently exist here.

Now, pursuing Mr. Nesbitt's questioning and Mr. Leboe's, I fail to see, and I go one step further, what possible adverse effect the availability of the outlets would have when we have listened today to evidence, with one exception I think, or two, collection places in the country—the business itself is collected and dispersed by the two main telegraph companies, the Canadian Pacific and the Canadian National.

Now, the mere fact that 23 outlets, or 50 outlets exist is not going to be effective, it seems to me, sir, at the consumer level unless there is a good sales organization in those companies to make use of it. The person who places his telegram is not going to think: "Well, I have got 23 different outlets if the Commercial Cable Company is involved here, and I have only got two simplex chances with C.O.T.C., if I go to the Canadian National instead of the Canadian Pacific." I cannot see any direct competition resulting from the availability of those outlets. It seems to me that it must be only imaginary, in so far as the government controlled company is concerned.

Mr. LANGLOIS (*Gaspe*): Do you want to create a monopoly with the American company?

Mr. HAMILTON (*York West*): This will not create a monopoly.

Mr. LANGLOIS (*Gaspe*): Mr. Chairman, today great emphasis was laid on the need for additional circuits to handle Canadian traffic. Since this question of the rejection of the application by the Commercial Cable Company was brought into the discussion, I wish to say that this application was not turned down on the basis of what was said here today, but on the basis of the contents of the application itself. I wish to quote from this application, since I understand it has been agreed that it should be added to the record:

"The applicant—" the present government capacity is limited to 8½ duplex channels—

> The applicant has made no survey in Canada with respect to the need for additional facilities, but is inclined to believe that the increasing demand as is found in the United States similarly applies in Canada.

It was on the basis of this that the application was judged and was considered, not on the basis of what was said today as far as the necessity for additional facilities to handle Canadian traffic.

I thought the committee should have this fact in the records.

Mr. BELL: Mr. Langlois, what does that prove? I fail to see the reasoning.

Mr. LANGLOIS (*Gaspe*): It proves that what was said today, as far as the necessity for additional facilities, was not even considered when the application was made, because it was not even mentioned in the application. They went further than that; they said that they made no survey in Canada. I was quoting from the application made by Commercial Cable and you will see for yourself—it is part of the record.

Mr. HAMILTON (*York West*): To follow that up, how do you say it creates a monopoly?

Mr. LANGLOIS (*Gaspe*): I am not using that as an argument for or against a monopoly. I am just drawing that to your attention in order to demonstrate that when the application was considered it was considered—or rejected—on the basis of what it contained and not on the basis of what has been put before the committee today.

Mr. NESBITT: Mr. Chairman, Mr. Langlois has just proposed a question to a member of this group here asking whether we wish to set up a monopoly for an American firm. I wish you would explain yourself a little further. Just how would that follow from the questions we have asked?

Mr. LANGLOIS (*Gaspe*): Well, you are apparently prepared to let this company have 24 additional circuits, which is more circuits than we have now for all these other companies combined for their operations with regard to all traffic, and in addition to that you seem to be against having a certain measure of control on the routing of the traffic even within the borders of Canada. For example, if we say to the company: "You have a cablegram being taken in Vancouver; if you wish you can send it through our C.O.T.C. or the C.P.T. but also, if you wish, you can send it by land-line to Seattle and use American facilities only," by doing so I think you would be creating a monopoly in favour of the American company to the detriment of those who are investing in facilities in Canada.

Mr. HAMILTON (*York West*): How does that create a monopoly, if you have the right rate here, to say they can send it to Seattle by whatever route they choose?

Mr. LANGLOIS (*Gaspe*): It would be creating a monopoly to the detriment of the Canada telegraph companies.

Mr. HAMILTON (*York West*): None of you seem to have mentioned that it would be to the detriment of the Canadian people. You have been talking about the company all the time, but nobody has proved it is going to injure them.

Mr. HOLOWACH: I would like to ask one simple question, Mr. Chairman. Would you say there is insufficient business in the country at the present time in your opinion and on the basis of your knowledge of the circumstances in the foreseeable future to justify another cable?

Hon. Mr. MARLER: Mr. Holowach, when we are talking about another cable I suppose we must be thinking in terms of the Commercial Cable, which is the only one we are considering. Actually I do not believe that the business available in Canada, which is now being carried, with all the American business, over 18½ duplex circuits now needs 24 duplex circuits exclusively for Canadian business.

Mr. HOLOWACH: Are there any figures or statistics available with respect to the revenue which would accrue to the government by reason of allowing the company to acquire a licence for carrying out that project?

Hon. Mr. MARLER: Quite frankly we did not consider that aspect of the question at all.

Mr. HOLOWACH: One more question. A great deal has been mentioned about defence and an American monopoly has also been mentioned. I think that is a very fair argument in the matter of defence. I think all of us must realize that we are interdependent with the United States with regard to the defence of this continent. The question I would like to ask is this: supposing a situation should arise where the existing cables are interfered with. We all know that in time of crisis there is comfort and strength in numbers. Would you not say that the more cables there are the better our defence?

Hon. Mr. MARLER: Mr. Holowach, it was because we were impressed by this defence need that we told the Commercial Cable Company that we were

prepared to grant them the necessary landing permit and to allow them to open circuits in Canada for defence purposes in so far as existing circuits were insufficient. It is because we were impressed with the defence need and the advantages from the point of view of defence that we said we would be prepared to go as far as that. But my understanding of the situation is that it is the view of the company that the cable cannot be supported on defence needs alone. In fact, as I said this afternoon, the situation as represented to us means in effect that of 120 circuits 96 would be going to the United States which is, roughly speaking, about 16 times as big as Canada. The American business plus the defence needs will not support 96 circuits, and the contention is, they must have the Canadian business in order to make the cable an economic proposition. I am entirely favourable to the development of communications for defence purposes and for that reason no objection has been raised to the establishment of circuits for defence purposes in Canada, but I do not want in the name of defence to increase the commercial outlets by the proportion which was asked for in this application.

Mr. NESBITT: Mr. Minister, since there was unquestionably a doubt or a suspicion or a fear in the mind of the government that these additional outlets might, because of the indirect form of subsidy that the Commercial Cable Company is going to receive from the United States government eventually lead to the cable business becoming a virtual monopoly of the Commercial Cable Company, do you think, Mr. Minister, that if either directly or indirectly —directly by cutting prices or indirectly by attracting business—that the other cable companies, one of which is C.O.T.C., which is a crown corporation, would not turn to the Canadian government for assistance? Do you think that any privately owned company, no matter how large it might be, would indulge in anything so foolish as that, knowing full well that the C.O.T.C. is backed by the Canadian government and all the resources thereof? Such a course would lead inevitably to great financial hardship which no private company could afford to suffer.

Hon. Mr. MARLER: Surely you do not believe that it is the Canadian government which provides the customers for C.O.T.C., and if C.O.T.C. is engaged in an unequal struggle for customers all the prestige of the Canadian government and all its financial backing would not produce them.

Mr. HAMILTON (*York West*): Why should the struggle be unequal?

Hon. Mr. MARLER: Do we have to go over all that again? Surely we have said that half a dozen times.

Mr. HAMILTON (*York West*): I would like someone to repeat it.

Hon. Mr. MARLER: Well, frankly, I am not going to repeat it.

Mr. HAMILTON (*York West*): What is the unequal struggle from the point of view of getting business?

Hon. Mr. MARLER: Has C.O.T.C. got anyone who is giving them $1,600,000 for these circuits?

Mr. HAMILTON (*York West*): No. but we are lending $6,000,000 to C.O.T.C. this year.

Hon. Mr. MARLER: And we are getting interest on that as we would from any other loan.

Mr. HAMILTON (*York West*): The question of whether we get interest on it or not is problematical.

Hon. Mr. MARLER: It is not. It has always paid its obligations.

Mr. HAMILTON (*York West*): It has to date but if we continue this expansion program who knows what it will do.

Hon. Mr. MARLER: We do not know what is going to happen if six or nine additional circuits are added, so we should have 24 more, is that it?

Mr. HAMILTON (*York West*): What I am suggesting is this: when you talk of inequality could you bring that inequality down to the level of the consumer. Does the mere fact of there being 23 outlets create inequality, or does $1,600,000 do it?

Hon. Mr. MARLER: I suggest it is a combination of both.

Mr. NESBITT: I can see what the minister is getting at with his proposition that the Canadian government could hardly get business for C.O.T.C. and I would quite agree with the minister on that as far as he goes, but if it came to the attention of the government that Commercial Cable Corporation by direct means or other methods was inducing business away from the other companies, either by charging less or by means of advertising in one form or another, I suggest it would hesitate to provide the C.O.T.C. with full backing and assistance in reducing rates, on a temporary basis in order to equalize the matter. If the Canadian government felt that this company was using its form of subsidy in an improper manner, there would be nothing to prevent it doing that.

Mr. HOSKING: But would you recommend that the government spend the taxpayer's money in that way? Does it not come back exactly to the illustration that I used when I spoke about two railway companies operating railroads across Canada and a new company saying "We will build a third line and put all the wheat from the west on this third railway line". In certain circumstances it might well cut the rates—they might cut the rates on their line, but what would happen to Canada? The two existing railway companies would go broke or else the taxpayer would be required to subsidize them more than it does now. It is an analogous situation.

Mr. NESBITT: The question I believe I put to the minister, Mr. Chairman, and I asked this in the House of Commons as well, was this: would any private company in the opinion of the minister, knowing that the C.O.T.C. has the Canadian government behind it endeavour to engage in a price war or a business war directly or indirectly. I do not think they would for one moment.

Hon. Mr. MARLER: But, Mr. Nesbitt, the party to which you belong would be the first to criticize me if by some action of the government or by failure to take some action, C.O.T.C. ceased to be a factor in the communications business.

Mr. NESBITT: As a matter of fact our party would probably have said you never should have got into it in the first place.

Hon. Mr. MARLER: That, of course, is tantamount to saying that Canada should have no part in the external communications field at all.

Mr. NESBITT: But I do not think that is so.

Hon. Mr. MARLER: That is what you are saying.

Mr. NESBITT: There was a company in existence—I do not know whether you purchased a "dead duck" or not—

Hon. Mr. MARLER: No, we did not purchase a "dead duck".

Mr. NESBITT: There was a company which was handling this, and it was taken over.

Hon. Mr. MARLER: And it is the case that it got very close to bankruptcy.

Mr. NESBITT: That is so, it was in debt to one of the banks for about $2 million.

Mr. HOLOWACH: I have one more question: has the minister any knowledge of the United States government interceding or making any representation on behalf of the company that is trying for these facilities?

Hon. Mr. MARLER: I would as soon not answer that question, Mr. Chairman.

Mr. LEBOE: There has been some mention of paying income tax and I am wondering if depreciation allowance has entered into the accounting in connection with arriving at the profit figure.

Hon. Mr. MARLER: My understanding is that C.O.T.C. has always charged normal depreciation.

Mr. LEBOE: There was one other thing which is in my mind in respect of this matter: there was some mention of an agreement and I think the answer to the question I just asked was read out of the Radio Act but I now understand from some of the references made here today that the Radio Act was not applicable to the cable communications.

Hon. Mr. MARLER: My understanding of it—in fact I was informed after the committee met this morning—is that the Radio Act was amended to change the wording which had previously existed. It was originally in respect of radio but was afterwards changed to embrace the whole field of telecommunication, that is, that these agreements are not binding on any subject in Canada because they have not been implemented by legislation. The only implementation of the agreement that I am aware of is the incorporation in 1949 of C.O.T.C.

Mr. BELL: How about the governor in council; do these international conventions go before the governor in council?

Hon. Mr. MARLER: I think in some cases an order in council has been passed.

Mr. BELL: But they do not have any legislative effect in the country?

Hon. Mr. MARLER: No.

The CHAIRMAN: Gentlemen, how would it be to take up this bill now clause by clause?

Mr. HAMILTON (*York West*): I do not think we are quite finished. The only suggestion I have is that after we finish with the minister perhaps we might recall—I would like to ask a couple of questions of some of the other witnesses, since the minister has said, I think, that we will not be sitting tomorrow.

The CHAIRMAN: Yes, we shall be sitting in the morning.

Hon. Mr. MARLER: I thought we would finish this afternoon and in that expectation we more or less expected that we would not be sitting tomorrow, but if we are not going to finish tonight, I think we should sit tomorrow as originally planned. All I can say is that I am in favour of adopting this bill right now.

Mr. HAMILTON (*York West*): That would be fairly apparent, yes.

Hon. Mr. MARLER: And vice versa, I think we might say, too.

Mr. HAMILTON (*York West*): Yes, I think we have fairly well made up our minds too. I am asking the minister, Mr. Chairman, if there was any consultation held with the present cable operators before permission was granted in 1936 for the voice circuit under the new partnership agreement; was there any consultation with them on the basis that their future requirements were surveyed, and were they asked if they felt they would need or would require additional services before we permitted this to go ahead?

Hon. Mr. MARLER: Have you finished your question?

Mr. HAMILTON (*York West*): Yes.

Hon. Mr. MARLER: The answer is that the T.A.T. cable was laid after governmental consultation. But the cable companies were not consulted be-

cause so far as the American segment of the cable was concerned, it is to be used only for telephone purposes and not for cable, and so far as Canada is concerned, we are adding six to nine telegraph circuits to the over-all number.

Mr. HAMILTON (*York West*): Surely this is a type of arrangement or licensing which must present considerable competition for the current Canadian operators?

Hon. Mr. MARLER: I am afraid I do not follow you.

Mr. HAMILTON (*York West*): Does not the licensing of this type of operation cause some concern for the C.O.T.C., or are they involved in it?

Hon. Mr. MARLER: Involved in what?

Mr. HAMILTON (*York West*): In the voice circuits and in the partnership?

Hon. Mr. MARLER: They have six voice circuits out of a total of 36.

Mr. HAMILTON (*York West*): And C.O.T.C. is taking a part in that as a partner?

Hon. Mr. MARLER: Yes, I think that probably describes it.

Mr. HAMILTON (*York West*): Notwithstanding that there was no consultation with the other two cable companies?

Hon. Mr. MARLER: That is correct.

Mr. HAMILTON (*York West*): Was it not thought in equity that they might be consulted before these additional companies were placed in a competitive position with them?

Hon. Mr. MARLER: I find it hard to see why there should be consultation. There was no consultation when any of those previous cables were laid. For example, in 1928 Western Union laid a cable which had six or eight circuits in it, but there was no consultation, I assume, at that time between that company and the others, nor do I see any reason why there should have been.

Mr. HAMILTON (*York West*): I only felt, Mr. Chairman, that there is a fair amount of consultation in connection with the present cable company's application.

Hon. Mr. MARLER: I am afraid that I do not understand.

Mr. HAMILTON (*York West*): I do not see any difference actually in the circumstances which arose on the one hand where additional competition may be of a different type that was being created for the two existing cable companies and in the creation of this new company and its licensing. This is a situation where one of them came forward and we have a great deal of consultation in connection with whether or not it should be allowed to compete on a different basis.

Hon. Mr. MARLER: Yes; but the addition of 24 circuits as opposed to six is pretty substantial, I think. At all events, I really fail to see where the need for consultation arises. I think that is a function which the government itself must assume.

Mr. BARNETT: As I recall it, the main concern so far as the big coaxial cable is concerned, is in respect to telephone communications. Is my recollection correct that the arrangement was that the Canadian operating telephone companies would tie in with the facilities of that cable?

Hon. Mr. MARLER: Yes, that was the expectation.

The CHAIRMAN: Are you ready to carry the bill clause by clause?

Mr. HAMILTON (*York West*): There was a reference made to consultation with other governments. Has our government been in direct communication with the other governments involved, the United Kingdom and Denmark, concerning this?

Hon. Mr. MARLER: Yes.

Mr. HAMILTON (*York West*): What was the substance of our communication with them?

Hon. Mr. MARLER: I am not at liberty to add anything more to what I have already said on that subject.

Mr. HAMILTON (*York West*): Are the communications of those countries we have spoken about completely controlled by government-owned communication companies?

Hon. Mr. MARLER: I cannot say what the position is in the United Kingdom, but my understanding is that they are under the control of the Postmaster General; but so far as Greenland is concerned, I do not think there is any analogy between Greenland and the United Kingdom or Canada.

Mr. NESBITT: This afternoon the minister gave us a great number of reasons, or a great many ways whereby if the government wished to establish a monopoly for C.O.T.C., how it could do it, and that there was a much more direct way if they wanted to use it, and they could have done so. Just in that line, would the minister specify that it is not the intention of the government to establish in any shape, manner or form the setting up of a monopoly for C.O.T.C. by means of this bill or anything relevant to it?

Hon. Mr. MARLER: Without any hesitation!

Mr. HERRIDGE: You said so three times.

Hon. Mr. MARLER: Yes, and this is the fourth time, and I hope it will be sufficient!

Mr. NICHOLSON: I find from the records the words of a great Canadian when a similar proposition was made with respect to radio broadcasting. I refer to the Right Hon. R. B. Bennett who said this at page 3035 of *Hansard* for May 18, 1932:

> Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate.

Mr. JOHNSTON (*Bow River*): What has that got to do with the bill we are considering?

Hon. Mr. MARLER: It is a very interesting statement!

Mr. HAMILTON (*York West*): I think that "R.B." would turn over in his grave if he knew what this government had done to the C.B.C.

Hon. Mr. MARLER: He would probably have turned in his grave several times if he had heard the hon. member from York West.

Mr. NICHOLSON:

> In fact, if no other course were possible, it might be fair to suggest that it should be the other way about. Happily, however, under this system, there is no need for discrimination; all may be served alike. Equality of service is assured by the plan which calls for a chain of high power stations throughout Canada.

And then over on page 3036 I quote:

> I believe that there is no government in Canada that does not regret today that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people.

Mr. HAMILTON *(York West)*: Hear, hear! That last sentence really sums it up.

Mr. LEBOE: Since the thing was introduced, I imagine we will all get some television up in the northern areas and a better service from the C.B.C. since this has been read into the record.

Hon. Mr. MARLER: We will have to put another clause in the bill for you.

Mr. LEBOE: I have another question.

Mr. HAMILTON *(York West)*: I would like to have some of these gentlemen recalled in the morning.

The CHAIRMAN: Very well.

Mr. LEBOE: I have one more question; it may not be important to you, but sometimes things which are not important to others are important to us. You mentioned that you could not very well have a unilateral deal, and it was touched on by the hon. member for York West. I am wondering just how far we can follow that line of thinking. If we have telephone conversations every day between the United States and Canada, where the United States is a foreign country, there is admittedly no water boundary, but it is a land service.

Hon. Mr. MARLER: If you have not got water, then this bill does not apply.

Mr. LEBOE: But in principle we are saying that in particular situation it could arise.

Hon. Mr. MARLER: That still is applicable only to external submarine cables, and you notice that we do not include in it the services by submarine cable wholly under fresh water, and that applies to land too.

Mr. LEBOE: We could make the water very fresh, but when you say a unilateral agreement, once the cable is brought into the other country, it is there for them too.

Hon. Mr. MARLER: Of course it is.

Mr. LEBOE: I thought in trying to protect this crown corporation the government had a tiger by the tail.

The CHAIRMAN: That is your opinion!

Mr. HAMILTON *(York West)*: I wonder if these gentlemen have anything to say in rebuttal? If not, I might ask them a couple of questions myself.

Mr. CORLETT: Mr. Chairman, in order to expedite proceedings, there are certain specific answers which would be in the public interest and which should be given by certain members of the group by way of clarification of certain statements made this afternoon by the minister. I would call on Mr. Henderson in connection with this company on the question of the route and the question of a so-called subsidy from the United States government.

Mr. HENDERSON: Mr. Chairman, the minister seemed to raise some doubt this afternoon with respect to the route that we are using to lay this cable. In other words, it might be uneconomical or an unsafe route.

Hon. Mr. MARLER: I think that you are quite mistaken.

Mr. HENDERSON: I got that impression.

Hon. Mr. MARLER: I am sorry—I intended to give no such impression. I merely described the route and make no comments.

Mr. HENDERSON: We have surveyed it and find it to be a very satisfactory route and even more so than our present route which we are using now.

With respect to Denmark, the minister stated that he was informed that he reply which we received from he government of Denmark, regarding our landing agreement was unfavourable. The company does not consider

it so. The Danish and Greenland governments advised us if we landed cable there they would expect to own that part of the facilities in Greenland; that would not be an obstacle to our company's operation.

There has been a lot said with respect to the lease which we have from the government if this cable is landed which provides for an annual rental of $1,600,000 per annum. I might add that that lease is not going to go on forever. All government leases can be terminated. The annual operating expenses of this cable will be in the neighbourhood of $2½ million which is far in excess of the $1,600,000 from the government.

Mr. JOHNSTON (*Bow River*): What would be the term of the lease?

Mr. HENDERSON: A period of ten years.

Mr. JOHNSTON (*Bow River*): Is it renewable at the end of that time through negotiations?

Mr. HENDERSON: It could be, yes.

As to the first cost of this cable, without taking into consideration the financing, we have been negotiating arrangements for a loan of $23 million. The actual cost, when we get through financing, will be in the neighbourhood of $65 million. We obtained a loan from one of the largest finance companies in the United States. Before we were able to obtain that loan we had to satisfy them that we could show to them statistics that there was a sufficient demand for commercial facilities in this cable before they would agree to finance it. In other words, they would not finance it alone on what we could get from the rental from the government, which we do not consider to be a subsidy.

The Commercial Cable Company at present is leasing considerable facilities to the United States government and so also is the Western Union and the R.C.A., which is common practice.

There was also considerable said with respect to the number of channels and it was stated that all of the existing channels of the trans-Atlantic cable amounted to 18½ duplex channels and that we were asking for 24 which is in excess of the present total existing capacity. In the statement introduced in evidence here by the Western Union this afternoon, it shows that they have a total of 22½ duplex channels and at the time we made our application we had 8½ duplex channels; in addition we have also increased the capacity of our present cables and at present have 9½ duplex cables. By arithmetic, I think you will see that the capacity of Western Union and the Commercial Cable Company far exceeds 18½ duplex channels which the minister stated were in existence at the present time.

We in our company happen to believe that Canada has a great future. From the studies which have been made in the United States we have found that there is a very great demand for leasing facilities and telex facilities. In our applications to the government of Canada we told them that we had an immediate need for 60 channels.

I think it would be appropriate here to add a little bit to the information already given with respect to our application which will help in explaining this $1,600,000 and related subjects. This is just a segment of this application which I will read. We had a paragraph called "Existing facilities inadequate," and we said:

> Over the past seven or eight years there has been a tremendous growth in leased wire service and TWX within the continental United States which is expected to continue.

Now, we looked at a lot of the statistics of the American Telephone and Telegraph and Western Union Telegraph, and we also looked at statistics across the Atlantic, bearing in mind that telephone and telegraph services operated

side by side. The statement was made here this afternoon by the minister indicating that with this new telephone cable in operation that the amount of telegraph business would probably decrease. Statistics show that the telegraph business has been increasing as well as the telephone business, and we think that growth is going to continue.

> Presumably, the same degree of increase in these services has been noted within Canada. In the international telegraph field there has been an increasing demand for leased (telegraph) channel service and telex service. This has been substantiated by the number of requests the applicant has received for such services, and by a survey made of some customers in the United States while plans for this new cable were being considered. Almost without exception all customers interviewed were interested in telex service and approximately 50 per cent of the interviewed were also interested in international leased (cable) channel service. In addition to the indicated need for such commercial services, which the applicant cannot presently meet with its existing facilities, there has also developed a substantial demand for leased cable telegraph channels by government agencies. The latest survey made in the United States indicates a need and proposed use at the present time of approximately 60 leased duplex telegraph channels in the new cable. Applicant's present cable capacity is limited to 8½ duplex channels. Applicant has made no survey in Canada with respect to the need for additional facilities, but is inclined to believe that the increasing demand as is found in the United States similarly applies in Canada.

Mr. BELL: If I may interrupt, that deserves some comment from you in view of the fact that it was referred to by Mr. Langlois. You said that you did not survey in Canada, but is that just a loose guess; or would you comment on it further?

Mr. HENDERSON: I will comment.

> In addition to the foregoing, applicant is in need of additional and more modern cable channels in order that it may improve its service to the public and to the governments of its regular message traffic.

Now, with respect to Canada, we did not feel that it was necessary to make a survey here. The minister has stated that he is going to have six telegraph channels when this trans-Atlantic cable is in operation and he has half a voice channel at his disposal. We have a demand now, in the Commercial Cable Company for five leased channels across the Atlantic, and that is even without going out trying to sell channels. We believe the people of Canada should have the opportunity to lease channels direct through to a customer in London, Paris, or wherever it may be. If you are able to dial on your telephone to London, you should be able to dial on your telegraph to London. We believe at some future time that the teleprinter will be out of date.

The minister stated that if we had made an application for a cable of two circuits, that his answer may have been different. If I had made that application I think that my board of directors would have fired me.

Hon. Mr. MARLER: I was not suggesting that.

Mr. HENDERSON: I do not think that there is anything more which I can add, but I would be glad to answer questions.

Mr. HOSKING: If you are prepared to give ownership to the country of Denmark of your cable which you mentioned on the island of Greenland, and all the facilities and everything you own, why do you object to this bill?

Is it not much more lenient than the arrangement which you are prepared to accept from a country which is not as friendly to the United States as is Canada?

Mr. HENDERSON: I would like to answer the honourable member's question in this way, that I would not have an objection to making the same proposal for Canada that we would be agreeable to make with Greenland.

Mr. HOSKING: You would be quite happy then to come to the country of Canada with no outlets at all?

Mr. HENDERSON: No, sir. We did not say that.

Mr. HOSKING: Is that not about what you have in Greenland?

Mr. HENDERSON: The proposal in Greenland was that the government would like to own the facilities in the territorial waters of Greenland and have a partnership arrangement.

Mr. HOSKING: If we owned them in Canada, then we would say whether or not there be any outlets.

Mr. HENDERSON: We would not make an agreement with you to own them unless you permitted us to have additional channels in Canada. Otherwise we could not grow.

Mr. HOSKING: I would think, looking at the bill, that I would much rather operate under this bill with a country as friendly as is Canada to the United States, than with a country that wanted to own everything; and if they owned it I think that they would say how many channels should be in and out.

Mr. HENDERSON: Irrespective of the bill we feel we need 24 channels, and we have been denied any.

Mr. HOSKING: I think under the bill you can go ahead and build your line?

Mr. HENDERSON: We have been told we cannot without the bill.

Mr. HOSKING: Under this bill, if this bill passes, 212, I think that if you applied again your application would be accepted.

Mr. HENDERSON: That is not our view.

Mr. BELL: Get that in writing from Mr. Hosking.

Mr. LANGLOIS (*Gaspé*): How Many channels do you intend to use for commercial purposes? You were asking for 24 for Canada.

Mr. HENDERSON: I would say that facilities to be used are mostly for defence purposes. There will be some commercial facilities.

Hon. Mr. MARLER: Mr. Chairman, I would like to express my regret to the committee for having misled them about the number of duplex channels. Mr. Henderson is quite right when he says the number is not 18½. But, I would like to perhaps endeavour to excuse myself by saying that at the time that figure got into the file, that was our information. But, information more recently was supplied from Western Union substantiating what Mr. Henderson has said in respect to the total number being 68 simplex, or 34 channels.

Mr. HENDERSON: Mr. Chairman, I would like to add a few more remarks which will deal with some statements that were made today in respect to continuing on with our present facilities. I testified yesterday that the cables that were 70 years of age and over were considered to be uneconomical to operate. Now, here we have a situation where the Commercial Cable Company and Western Union have cables that are already becoming uneconomical. The only way we are able to handle the volume we are now handling, and we do not have enough capacity, is that we have been stretching our imagination, resources and research to increase the speeds of our present cables with under-water repeaters. We presently have 9½ duplex channels. At the end of 1957 we expect to have 12 duplex channels. That is not going to be enough. But,

the point I want to impress upon honourable members is this: what are we going to do when these old cables wear out? We cannot continue forever with them. It has been the practice of our company in the past to plan ahead and lay new cables. Now, the only reason that we have been able to continue since the date of the last cable, which was 1923, with the capacity we had, is only because of the fact that our research and development has provided underwater repeaters to increase our capacity. We were able, just prior to the war, and we would have been in a very bad way had it not been for this development, to increase the speed of our cable to 25 per cent without underwater repeaters. But, here you have a coaxial cable, the first cost of which is roughly $23 million to $25 million, that will give you 120 teleprinter channels. No one in his right mind is going to go out and spend $25 million for an old cable that will give them two channels, or four channels, or six channels—it just costs very much more. If we are to lay or if we do lay this cable, and I might say here and now that our plans are to provide a second trans-Atlantic cable of the same capacity, which will not necessarily touch Canada. The reason for that is that the day this new cable goes into operation, if it ever does, according to the latest survey that we have, there will be 86 channels in operation. You cannot undertake to provide service to customers and tie up 86 channels, and have that cable interrupted overnight without giving them some alternate facility.

I do not think I can add more, sir.

Mr. HOLOWACH: Am I right in saying that your company is prepared to give ownership of the equipment, and your facilities in Canada, and in Canadian waters, to the Canadian government; is that correct, provided you have an agreement with Canada to carry on with the services which you figure are essential?

Mr. HENDERSON: We would not object to part ownership with the Canadian government.

Mr. LANGLOIS (*Gaspe*): To part ownership.

Mr. HOLOWACH: What was that?

Mr. HENDERSON: Part ownership. That is more or less the same rate, part ownership—not necessarily to be the same with this one, but the telephone cable has part ownership in which the C.O.T.C. has an interest.

Mr. HOLOWACH: In other words, you would pay the shot, provided you could have the licence?

Mr. LANGLOIS (*Gaspe*): Pay the shot, partly.

Mr. HOLOWACH: Have part ownership?

Hon. Mr. MARLER: I do not think, Mr. Holowach, that Mr. Henderson is suggesting that he will give us these circuits for nothing. I think if he did say that he would have cause to fear the action of his board of directors, that he expressed.

Mr. HOLOWACH: I think the statement is very significant. What do you mean by "part ownership"? I just want to have an understanding of what you meant there.

Mr. HENDERSON: Just what is meant by part ownership in the agreement that the C.O.T.C. now has with the American Telephone and Telegraph and the British Post Office. C.O.T.C., as I understand it, owns more or less the part that is in Canadian waters, and that operates there.

Mr. HOLOWACH: Now, one more question. I suppose you have kept your government well informed of your application, and your interest in going ahead with this project. What is the position of your government with respect to your entire proposal?

Mr. HENDERSON: Our government supports this cable. We believe that if it is laid there will be a great demand for facilities in Canada from the public.

Mr. CARTER: Do you envisage that these 24 circuits will be in use right away, as soon as they become available in Canada?

Mr. HENDERSON: I think they would be in use in two weeks. You have so many facilities. We are thinking of the new service just for telex. It takes a lot of channels on the telex service. The international telex service is the same as the international teletype service, where you dial and ask for so and so, and you get him. Now, the fewer facilities there are, it is the same as in land-line telephones, the longer you have to wait. Now, we recently inaugurated a telex service by radio to Austria. We found that we had to operate that telex service with three channels in order not to keep the customer waiting. Now, there are a lot of people in Canada. There is a lot of business in Canada, and its growth is unlimited. I cannot, for the life of me, see why they are not going to need telex facilities too. We have them between the United States and Europe, and they are just chock-a-block, the customers are waiting three hours a day from 10 a.m. to 1.00 p.m.

Mr. BELL: May I ask Mr. Henderson if he would care to comment on the statements that were made that you might have a monopoly here yourself if we give you permission to operate as you want to in Canada?

Mr. HENDERSON: Of course we believe in competition. If I were in the Minister's position I would want more telegraph facilities than that cable. I think the Western Union would want more facilities. But, in regard to telex and leased services, I think the other companies would want to give the same service to the public that we attempt to give.

Mr. HERRIDGE: Mr. Henderson, I understood one of your witnesses to say that you were not in the position in Canada to make the line profitable, yet you say now that the moment the cable is installed, within a short time it will be fully occupied?

Mr. HENDERSON: No, I said the minute the cable was installed there would be 86 channels in use. There will be 120 channels in this cable.

Hon. Mr. MARLER: Ninety-six, is it not?

Mr. HERRIDGE: Ninety-six. In view of the tremendous prospects of expansion in business, do you feel justified in installing your cable without insisting on the necessity of Canadian business?

Mr. HENDERSON: We consider, as I said before, that Canada is a growing and profitable country. We think the future here is great. We consider our present volume of traffic, that we handle in Canada, which is 20 per cent, a very considerable part of our revenue. We certainly would not like to lose it. We would like to see it grow. I think it will come, when the traffic between Canada and elsewhere is going to approach that handled between the United States and elsewhere. How can it happen otherwise?

Mr. CAMPBELL: If this growth develops, would it not be a possibility that a government agent might require some extra channels?

Mr. HENDERSON: I think they do right now.

Mr. CAMPBELL: But there is nothing to stop you from building that cable anywhere you want it now, as long as you do not put out in Canada?

Mr. HENDERSON: I beg your pardon?

Mr. CAMPBELL: You can build the cable and base it in Canada as long as you do not put any outlets, or only the outlets that are going to be allowed?

Mr. HENDERSON: We would not want to build this cable without the outlets in Canada, from which we are now deriving 20 per cent of our volume.

Mr. CAMPBELL: It would not pay you to just build the cable where you wanted it, basing it in Canada, without the outlets? It would not pay, is that what you were driving at?

Mr. HENDERSON: You might look at it from the point of view that you would build a cable with less capacity if you were not going to take into consideration Canada's needs. But, we happen to be of the view that there is a great development in Canada, and if nobody else is going to look after it, we certainly are.

Mr. CAMPBELL: You think we are not able to look after it ourselves?

Mr. HENDERSON: I say there is not enough capacity now.

Mr. BELL: How far have you gone with your plans, Mr. Henderson? You mentioned a loan with the bank. Do you mind if we ask, will this hold up the whole future expansion now, and will you have to wait around year by year until the approval is finally given?

Mr. HENDERSON: I can say that we have this financial agreement. There has already been some delay, and we have been successful so far in getting that financial agreement extended.

Mr. BELL: In other words, you will have to continue, then, to seek the approval of the Canadian aspect of your plan?

Mr. HENDERSON: And the United Kingdom aspect of our plan as well. But, I believe, as I say, we have been successful in continuing our loan agreement without too much difficulty.

Mr. NICHOLSON: It is about two years since you made your application?

Mr. HENDERSON: Yes.

Mr. NICHOLSON: What progress have you made in the United Kingdom during that period?

Mr. HENDERSON: Well, we have not had a final answer as we have had from the minister here.

Mr. NICHOLSON: There has been a change of government in the United Kingdom since 1945. Has there been any change in the policy regarding public ownership in the field of cables in the United Kingdom since that change of government?

Mr. HENDERSON: I would say not.

Mr. HAMILTON (*York West*): You must start somewhere with regard to these approvals. If everybody waits to see what everybody else is going to do you will never get anywhere.

Mr. HENDERSON: That is exactly right, and we cannot start until all the necessary agreements have been reached.

Mr. BELL: I suppose this is going to have some effect on your other negotiations—the fact that you have had a fairly definite setback here?

Mr. HENDERSON: We have been trying to run our negotiations in Canada and in the United Kingdom simultaneously hoping we would probably get an answer more or less simultaneously. We do not feel, as I have stated, that there is any difficulty likely to be experienced in Iceland or Greenland.

Mr. BELL: In other words Canada is showing some rare leadership in international affairs?

Mr. HENDERSON: I am not in a position to comment on that.

Mr. LANGLOIS (*Gaspe*): It has been done before.

Mr. BELL: Whether it is the right kind of leadership or not—

Mr. HOSKING: Would you tell us again how important this Canadian business is to you? You have 84 channels still needed in the United States, I understand.

Mr. HENDERSON: I say we have a need for 86 channels.

Mr. HOSKING: And if there are 24 of these channels available for Canada you would have only 10 spare channels to take care of any growth which might take place in the United States.

Mr. HENDERSON: That is right.

Mr. HOSKING: And you are saying to us that in the light of that situation it would be uneconomic to start to build this cable if you do not have any more outlets in Canada?

Mr. HENDERSON: We would not want to operate the cable unless we had more outlets in Canada.

Mr. HERRIDGE: Is your loan predicated on your obtaining the Canadian business?

Mr. HENDERSON: No.

Mr. HAMILTON (*York West*): But you are saying it would not be good business to build this cable passing through Canada if you did not have the advantage of these outlets?

Mr. HENDERSON: Exactly. We have been in business in Canada for more than 75 years. We have a large cable investment here already and, as I say, we see the prospect of a large growth here.

Mr. LANGLOIS (*Gaspe*): On the other hand you stated you had made no survey of the Canadian needs. Apparently you had made up your minds about going ahead with this project and obtained your loan without thinking too much about the Canadian business as potential revenue?

Mr. HOSKING: Do I take it that you want to obtain the agreement of the Canadian government to this project in order to use it as a lever with which to get agreement in the United Kingdom?

Mr. HENDERSON: No sir.

Mr. HAMILTON (*York West*): That would indeed be the tail wagging the dog.

Mr. HOSKING: But you have got to start somewhere, as Mr. Hamilton pointed out and would it not be a "lever" if you could say: Canada is giving these facilities to us.

Mr. NICHOLSON: It occurs to me that if you already have some form of commitments for 86 channels out of 96 you would not be running any great risk in proceding without the new 24 channels in Canada if you were not successful in convincing the minister and getting him to change his opinion. It would seem to me that with 86 out of 96 before you have any surplus available there should not be any great risk in proceeding with the 120.

Mr. HENDERSON: As I say I think there is a need for 86 channels. We are planning to use the equivalent of one voice channel on this cable for a facsimile service. That uses 24 teleprinter channels. Our engineers would be able to get 24 teleprinter channels out of each voice channel; we are planning to provide a facsimile or picture service by using the band-width that is needed for one voice channel. Referring again to the question you raised about the need in Canada and the 24 channels for which we are asking, as I stated we have the need right now for five leased channels and we have not yet tried to sell any leases in Canada. To give the appropriate telex service in Canada would require a minimum of 10 teleprinter channels and I think in a period of two years time that would be 15, and if we could not go out and sell the balance of those leased circuits, then something is wrong.

Mr. LANGLOIS (*Gaspe*): I do not challenge your statement but I am just drawing the attention of the members to the fact that this emphasis that is

being laid today on Canadian needs was not even mentioned in the application. The application said that no survey had been made in respect to the need in Canada.

Mr. HENDERSON: We had begun without a survey and the fact that we asked for 24 terminals would seem to indicate we believed we would be able to use them.

Mr. LANGLOIS *(Gaspe)*: But you see my point?

Mr. HENDERSON: Yes.

Mr. BELL: Could you say generally that these people to whom you might have leased services or to whom you might contemplate leasing services would still go to the C.O.T.C. if you people were not allowed to operate in Canada in the way you want to? Perhaps I could put the question in another way: would you be able to offer services to these prospective customers which C.O.T.C. in the near future would not be able to match?

Mr. HENDERSON: Well, if C.O.T.C. plans to offer the same services they could offer them and I must say they would have quite a few customers, and so would we. I think the demand is sufficient for both companies.

Mr. HAMILTON *(York West)*: At the moment they do not have the capacity, either, to handle this type of thing?

Mr. HENDERSON: No, nor will they have with these teleprinter channels.—

Mr. HAMILTON *(York West)*: I have one or two additional questions—I do not know whether Mr. Henderson is able to deal with them himself or not, but I will ask them. Mr. Levett this morning indicated that they do not desire to get into the coaxial business. I spoke to him about the fact that there might be outside reasons why they might not want to do that and he indicated, I think, in his answers that that was not the cause. Is there any difference between the requirements of your two companies which would make him answer one way and you the other?

Mr. HENDERSON: They have more capacity than we have because they have more cable. We have six cables one of which is unoperative—it is a very old cable—and to show you what it means when you start to deal with one of these things, it would cost around $800,000 to put it in operation. I am afraid those cables are going to wear out, and it is not going to be too long, in my opinion, before they do.

Mr. HAMILTON *(York West)*: May I go on to my second question? I understand this is an American company with some degree of status here. It was established in Canada, as I understand it, in 1884 and you are the executive vice president. Who owns its shares?

Mr. HENDERSON: Well, the Commercial Cable Company is a wholly owned subsidiary of the American Cable Radio Corporation.

Mr. HAMILTON *(York West)*: Are you an officer of that company? Do you know anything of the parent company?

Mr. HENDERSON: I am executive vice president and a director of both the Commercial Cable Company and the parent company.

Hon. Mr. MARLER: May I ask who is the parent of the parent?

Mr. HAMILTON *(York West)*: No, I will not go that far—

Hon. Mr. MARLER: May I ask that question?

Mr. HENDERSON: Yes, the American Cable and Radio Corporation is a publicly owned corporation. Fifty eight per cent of our stock is owned by International Telephones and Telegraphs and 42 per cent is owned by the public. It is plain Mr. Smith and Mr. Jones we must answer to. It is the same as the I.T.T.—in fact, more so.

Mr. HAMILTON (*York West*): I am getting to where I wanted to go, thanks, I think to the minister. Are the shares of this company listed on the stock exchange?

Mr. HENDERSON: On the New York stock exchange.

Mr. HAMILTON (*York West*): Is that the only one?

Mr. HENDERSON: To the best of my knowledge, yes.

Mr. HAMILTON (*York West*): Would your company have any objection to listing those shares in Canada?

Mr. HENDERSON: I think we would be very glad to consider listing our shares on the exchange in Canada.

Hon. Mr. MARLER: Are you thinking of buying control Mr. Hamilton?

Mr. HAMILTON (*York West*): No and I doubt whether even the government would want to do that— it is too big a project. Would you give consideration to listing these shares in the parent company on the Canadian stock exchange, Mr. Henderson?

Mr. HENDERSON: Yes, we would give consideration to that; I cannot speak for the other directors, but I will mention it to them.

Mr. CORLETT: Mr. Hamilton asked a question a few minutes ago concerning the future status of Western Union in view of certain proceedings presently going on before the Federal Communications Commission at Washington, with regard to which Mr. Kennedy could speak. I think Mr. Kennedy would be in a better position to deal with this.

Mr. HAMILTON (*York West*): Could Mr. Kennedy help us with regard to this?

Mr. KENNEDY: I would be glad to do so. I am not surprised that some of the members of the committee have been wondering why the Commercial Cable Company is so vitally interested in coaxial cables when Western Union has disavowed any interest in them. That is a natural inquiry. I think I stated this morning—and I believe Mr. Levett mentioned it here—that prior to 1943 there were two domestic telegraph companies in the United States—Western Union and what was then Postal Telegraphs. These two companies had been wanting to merge for several years and create a monopoly on their domestic telegraph service and finally Congress passed a law whereby the anti-trust laws was set aside and the two companies were then able to merge and create a monopoly, with the proviso that Western Union would have to divest itself of its cables on different international operations within a reasonable time it prescribed that the Federal Communications Commission execute that provision to see to the divestment of the cable. Some years passed, and in 1943 when Western Union all this time had been making reports to the Federal Communications Commission about possible negotiations to sell these things and the difficulties in finding a purchaser, bearing in mind that under the anti-trust laws they could not sell the cables to us—we wanted to buy them, but they could not sell them to any other international carrier because of the anti-trust laws, so they were bound either to sell to an outsider or to divest in some other way. Anyway, a year or so ago, the Federal Communications Commission which has the obligation to require an enforced divestment, got tired of waiting for a prospect, and it required Western Union and others—we were parties in it—to come forward with some final plan whereby Western Union could divest in accordance with the requirements of the act of Congress.

That went through a lengthy hearing with all the carriers involved; it was quite lengthy and various methods were produced. Western Union reported on its efforts up to that time, and finally the examiner—it was heard by an appointed examiner—came out with a report. I shall not go into the details

of it, but the examiner pointed out that there were other methods of divestment besides that of sale, and I am sure that the lawyer members of this committee will understand what I say when I tell them that under the anti-trust laws and under some other laws divestments have been required too, what we call the "skin-off, and the split-off" methods, whereby a new corporation, which would be in this case "Western Union Cables", would be set up and stock would be set aside from the land line stock, and that stock would be offered to the public and gradually sold off.

The examiner held that that would be a possible method of divestment and a proper one. Anyway, the examiner's report recommended that the commission order Western Union to come forward with a plan for divestments—I believe it was within six months—I am not sure whether it was six months or a year—but anyway you can see from that situation that it was a kind of "sword of Damocles", if I might call it that, hanging over Western Union's head—to sever it from its interest in a coaxial cable or in any other extension of cables in the United States under that divestment clause. Moreover, it cannot extend its cables, so I think that the question which was in the minds of some of you gentlemen was a perfectly understandable one, why we are interested in an expansion of the system, while Western Union is not. If Mr. Levett disagrees with what I have said, I would be perfectly glad for him to correct me.

Mr. HAMILTON (*York West*): I would like to ask Mr. Levett one question.

The CHAIRMAN: Very well.

Mr. HAMILTON (*York West*): Mr. Levett, you showed great concern today about the way the powers contained in this bill contained more than if I might use the expression—the mechanical powers. That is, how would you set it up, and what type of application would you bring forward, and things like that; and I am wondering since you have heard the minister speak, if you can now give us your opinion as to how you feel about the question that is raised here by the bill now which would appear to give to the government the power to make regulations in connecting with a number of "outlets"—an expression you do not like—that you may take from your existing cable?

Mr. LEVETT: That is a very difficult series of questions, sir, but may I, Mr. Chairman, first state that I do not intend to say—I do not like the word "outlet"—but may I have an opportunity to correct apparently a misapprehension in my statement that I have heard repeated at least once. I merely pointed out that in connection with this issue concerning the outlets which the record discussed in the talks yesterday, as pending—and without expressing my own view as to whether that is relevant to this proceeding—the minister I noted said that it was not. I just said that I for one, not having a copy of that application, could not say what was meant by 24 outlets, and therefore, as part of the clarification which I sought here, it would be material that we learn, and I assume that the members would learn just what it meant so that we would all know what has been refused.

You would not say what was meant by 24 outlets and, therefore, as part of the clarification which I sought here, it would be material that we learned, and I assumed that the members would learn, just what it meant so that we all would know what had been requested. We would know that the outlet is defined and we then would know what it is that the Commercial Cable Company has requested and what it is that the minister has refused. We want all the members to evaluate this bill and this matter of outlets. I pointed out that the outlet, generally speaking, could mean the cable head or offices. Since my remark, judging from what has been said here by the minister and by others, apparently the word "outlet" as used with the numeral 24 does not

mean cable head, for the minister said that the bill is not intended to alter the present situation as to cable head authorization, and that now the bill is not intended to apply to the cable heads.

Well, we know the answer at least in that respect. But I, for one, still do not know what "24 outlets" means other than that it means something in addition to the cable head. Where will they be located? Will there be offices, or what sort of facilities?

In view of all of that, I, personally, would not care to comment about any question which has in it a term I do not understand and which I now learn that the petition does not define, since apparently the location of the outlets are not now known. With that in mind, much of your question, which has reference to this petition and these outlets, is outside my ken.

Mr. HAMILTON (*York West*): It may be that I worded the question poorly or that it was too long, but let us assume this, that you have I think, nine cables and you may have so many channels. At the present time, you may use—in hypothetical numbers—100 channels, and you may drop off, if you like, 10 channels into Canada for Canadian use—

Mr. JOHNSTON (*Bow River*): Mr. Chairman, on a point of order, I think that the question which Mr. Hamilton is asking is going to take considerable time to answer because it is very involved. It is now pretty nearly ten minutes after ten o'clock. I suggest that we adjourn;

The CHAIRMAN: Would you not consider sitting for another half hour so that some of the gentlemen could catch the train tonight?

Mr. JOHNSTON (*Bow River*): I understand that they are not going. We would not be even through in another half hour.

The CHAIRMAN: We will meet tomorrow morning at 11.30.

EVIDENCE

FRIDAY, July 13, 1956.

The CHAIRMAN: Order gentlemen. We have a quorum.

Are you ready now to consider bill No. 212 clause by clause?

Mr. HAMILTON (*York West*): Mr. Chairman, I had asked Mr. Levett a question last night and perhaps you might allow me to rephrase the question because I do not think he liked it very much.

Mr. JOHNSTON (*Bow River*): I hope that you will make a better job of it this time.

Mr. HAMILTON (*York West*): It is a good thing that we have a sense of humour left.

Mr. Levett, first of all, I do not want to get into a lot of discussion about the meaning of the term "outlet". Perhaps I can reword my question something along this line. The minister has said in the house that this Bill 212 will apply to all companies, whether they be existing companies or companies who shall apply for authority to lay cable in the future. The minister is present and he can listen to the next further preamble. He also has said, I believe, that this bill will cover the phase of operations of a cable company in connection with its distribution of channels in Canada. Now, your company presently operates a cable into Canada. It may have fifty circuits. There may be only ten circuits which you drop off for use in Canada. Are you happy with this bill, knowing that the minister could cut the number of circuits available to your company for use in Canada to one or two, or cut it out?

Mr. Robert LEVETT (*Counsel, Western Union Telegraph Company*): Mr. Chairman, I truly cannot answer that question unless the chairman is willing to permit me to make a statement which will include a clarification of some of the detail.

Hon. G. C. MARLER (*Minister of Transport*): I think that I can dispose of the matter by saying that the government has no intention whatever of limiting, or reducing, the number of circuits that are at present in operation by either of the cable companies.

Mr. HOSKING: Mr. Chairman, I have been asked by some members of the committee if we could have a clarification in connection with the term "circuit", duplex circuits and all the various things. It seems that what is disturbing some members is just what is the definition of a simplex circuit and a duplex circuit. Is there some specialist here who could explain that to the committee?

Mr. HAMILTON (*York West*): I might say, Mr. Levett, that I am not satisfied with the minister's answer, but perhaps you are.

Hon. Mr. MARLER: Mr. Chairman, I can say that I do not ever expect to be able to satisfy Mr. Hamilton, but I hope to be able to satisfy the other members of the committee.

In connection with Mr. Hosking's question, perhaps Mr. Nixon, who is head of the telecommunications division of my department, could explain the difference between a simplex circuit and a duplex circuit.

Mr. F. G. NIXON (*Controller, Telecommunications Division, Department of Transport*): Mr. Chairman, I will just read from some definitions which we had jotted down.

A simplex circuit is a circuit which provides for the transmission of messages in either direction but not simultaneously in both directions. A duplex circuit is a circuit which provides for the transmission of two messages simultaneously one in each direction.

Mr. HOSKING: Would two simplex circuits make up a duplex circuit?

Mr. NIXON: In effect, yes.

The CHAIRMAN: Shall we now consider the clauses of the bill?

Clause 1 agreed to.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, I have been asked the question as to whether the representatives from the Commercial Cable Company are going to be allowed to make a statement before we go on with the bill.

Mr. LANGLOIS (*Gaspe*): The statement was made last night.

Mr. HAMILTON (*York West*): I think perhaps if they have anything further that we might hear them.

Mr. JOHNSTON (*Bow River*): I understand that there are only a few matters and that it might be of interest to the committee to hear them.

The CHAIRMAN: The statements were made pretty well last night.

Mr. MURRAY CORLETT (*Counsel, Commercial Cable Company*): Mr. Chairman, you will remember that last night you suggested that the committee might meet for another half hour and, as I understood it—

The CHAIRMAN: Mr. Johnston, are there any questions which you would like to ask?

Mr. JOHNSTON (*Bow River*): No. It was just that I wondered if the members of the Commercial Cable Company might wish to make further statements.

The CHAIRMAN: We are quite willing to hear them.

Mr. GORDON MACLAREN (*Commercial Cable Company*): There were some statements made yesterday by the minister, which he corrected, as to the number of circuits coming into Canada and as to what the Commercial Cable Company's new circuits would be in addition to that. He corrected that statement, but he has a pretty good press because the incorrect figures appeared in the *Gazette* this morning.

Mr. Langlois made the statement that we had not told them what circuits we needed at the time that we made the application.

Mr. LANGLOIS (*Gaspe*): I beg your pardon. I never said that. I merely quoted your own application which stated that you had made no survey in Canada.

Mr. MACLAREN: I may say, Mr. Chairman, that over a period from September 1954 to date we have made many applications to the Department of Transport to have a conference where we could present all the figures which you have heard before this committee; but we have never been given the opportunity. I myself have had many conversations with the minister, but we have never had the experts here to be able to give the facts as to what we wanted to do. I had occasion at one time to write a letter to Mr. Marler, dated March 10, 1955, in which, in part, it stated:

> The Commercial Cable Company is very concerned about its inability to meet the increasing demands made upon it by the Canadian public. Communications are the life-line of Canadian international trade. The company's proposed new cable would provide additional facilities for which it has been developed that a definite need exists.

In the new cable the company would provide in conjunction with Canadian Pacific Telegraphs:

1. a direct channel between Montreal and Paris;
2. a direct channel between Toronto and London;
3. a direct channel between Winnipeg and London; and
4. a direct channel between Vancouver and London.

In addition, the company would be prepared to furnish out of the new cable several leased circuits to Europe for private customers who have requested same. Additionally, it should be noted that facilities would be available for private leased circuits between Canada and Paris.

The above, without any advertising of the proposed new cable given by my client to the public, represents known circuits that are presently required for the better service to the Canadian public.

I just wanted to make that correction. There were many other instances where we furnished information but it was not before a committee or anything like that.

There were a few other statements on which Mr. Corlett would like to make comment.

Mr. CORLETT: I have only two points to make. I do not want to prolong things. My first point relates to a matter which I think the minister made reference to in the House of Commons and reiterated here yesterday, and that is that there is no desire for a monopoly on the part of C.O.T.C. We have competitors, and the competitors in the trans-Atlantic field were mentioned as C.O.T.C. and Western Union. That statement was made by Mr. Chevrier in 1949 and is confirmed. From the evidence heard yesterday I think that it is clear that the future of the Western Union in the trans-Atlantic cable business is very slim; they are going out of the business sometime in the future. So, in effect, it seems to me, in the realm of competition, that we have two firms, C.O.T.C. and Commercial Cable Company.

Now, that is fine. But, it is a fact that Commercial Cable, or rather C.O.T.C. is going to participate, having an interest in a new telephone cable, which I am advised is in effect a coaxial cable. So, we have come along, and we say, because of the modern trends we, Commercial Cables, want a coaxial cable. Therefore, in the interests of fairness, why should we not be permitted to participate in a coaxial cable? It seems to me that the issue boils down simply to that. That is point one.

My second point is, and I made mention of it on Wednesday, and I want to make another plea in the matter, because it seems to me that now is the chance, when the act is being opened up for parliament to look into the matter. When the Telegraphs Act was enacted, and when Commercial Cables statute was enacted, the government was not in the field of communications. I could see why at that time, if there were going to be any regulatory features it could be handled by the governor in council which, in effect, in this instance would be the Department of Transport. But, now the situation has been altered fundamentally since 1949, when a crown company has come into the field, which will be in competition with the private companies. Surely, that being the case, would it not be in the interests of Canada, and not only competitors of the C.O.T.C., but also the government itself, to transfer the regulatory jurisdiction to a quasi administrative tribunal? We already have one in the form of the Board of Transport Commissioners. It has been done before. The board has jurisdiction over railways, express lines and telephone lines, and in 1929 they decided to take jurisdiction over tolls on international bridges. Surely, since the Statute of Westminster, and the extraterritorial act that was enacted

subsequent to that, there can be no question with respect to the Board of Transport Commissioners taking over the regulatory jurisdiction from the Board of Transport Commissioners.

I think I suggested, what could be an amendment to achieve that result. I can see no reason why the government would object, and I would think that it would be in the public interest. I would like to make that my second point.

Mr. MACDONALD: Mr. Chairman, on behalf of Western Union, a statement has just been made, and was made yesterday by Mr. Kennedy, that Western Union is going out of business. Now, that is very very far from being a fact. I would like, if I may,—Mr. Levett is prepared with a short statement—to reply to that. Could I be permitted to call Mr. Levett?

The CHAIRMAN: Yes.

Mr. LEVETT: Mr. Chairman, in the interests of correcting the record—and that is what I had in mind when the honourable member asked me a question, and I stated that I could not answer it—I think the language in the record will speak for itself. But, the committee should know the facts at this time.

Western Union has a fine, efficient international cable system. We are proud of it, proud of its personnel, and proud of its equipment. I do not believe that any representative of Commercial Cable intended the exact literal meaning of what was said. Mr. Kennedy, for example, yesterday said that Western Union did not intend to improve. I am certain that the statement that Mr. Kennedy gave should not be taken literally. But, in the words of the cold record it would appear that we are going out of business.

Now, let me take a moment to state the facts. Please note in our preface, and in our presentation here, we have attempted, without argument, to give you facts. I am willing to answer factual inquiries on the matters of channels, or circuits or anything else. I am prepared.

Now, the fact is this: I said that we do not now have any process, and so far as we now can state to you under oath, or as a matter of man to man, we do not contemplate within the foreseeable future, the laying of a coaxial cable. That is true today; it may not be true tomorrow. It is not a fact that the coaxial cable is out of the picture. We have thought about it in the past. We even bid for this particular coaxial cable, and had we been the successful bidder, we would be here on that petition.

I am simply saying that Western Union's international cable system is ready for business and is doing business, and like any business organization, can handle more business, and we would like to have more facilities. We can use them. But, we are not going out of business.

Technologically,—and I have checked this with our engineers as late as an hour ago, and this is the fact—our cables, as we have outlined them and located them geographically in our presentation, and you have but to read it, and there it is—are physically identified and located, and are going; we are maintaining them. We have two fine cable ships, and they are functioning, outside of the usual gripes and complaints that any business man would get occasionally from customers under emergencies. They are working fine, and they may work not only within the foreseeable future, but indefinitely.

Now, let no one here gather from anything that Mr. Macdonald and I have said that we are going out of business, or that we will never lay a coaxial cable; that is not so. Let no one here gather from our statement that we are not interested in domestic Canadian business. We are. But, this is a matter of degree.

Now, one word with respect to our plan,—and this has been mentioned a number of times. We have these original conductors. They are wires, as distinguished from radio contact. We feel that everybody should as a matter

of common knowledge understand that before these valuable, time-tested, useful, efficient conductors are abandoned, or ruled out in favour of something new, make certain that the new will work and will replace it. We are not in a position where now one can abandon the type of cable we are using. Do not down-grade these conductors. Perhaps in the future they may be abandoned for something else—maybe not a coaxial cable. But, if you want a good, efficient international cable communications system the heart of it, we feel, lies and is based upon these conductors lying on the floor of the ocean.

Now, the minister has allayed part of our fears, a substantial part. When the minister said that this bill was not intended to effect control over through international traffic, that has definitely removed one of the things that brought us here. But, we submit, very respectfully we hope, that that statement will find some substance in words. I understood the minister to say that he was agreeable to some such language. Let us not be in a position where that will be merely something on your records, which is not even admissible, perhaps, elsewhere. The minister has also said that Western Union, and I am speaking for Western Union—but I assume that he, and I have no reason to believe otherwise, is treating all cable companies on an even basis, and I have no reason to believe his intention is otherwise—so, Western Union, and for that matter other companies need not be in fear with respect to their existing cable heads. Those are the grants we got from colonial Newfoundland, the right to land cables for through traffic. It is there in our presentation. He assured us that that is not within Part IV. That has definitely allayed some of the fears that brought us here. I sincerely say I hope there is some language to that effect. But, as we said in our presentation, the plenary language as it now stand does not incorporate that. That is all to the good.

The minister has also made some statement about what the future may or may not have in store in respect to domestic traffic. We cannot, at this time say that we are allayed, or undisturbed, or disturbed, because we do not know what the form of the future will be. So, we ask these rhetorical questions. One of the members, I am happy to say, referred again to them. Honestly, I believe that those questions we asked are directed to the heart of the bill.

Now, our interest in that is obvious, for if the minister passes, enacts, authorizes, or by means of this legislative enactment is able to bring about regulations of any kind—even one of signing a white paper, or a pink paper, things like Dominion Bureau of Statistics—that is a record which today does not exist. So, from the human point of view no business likes to have any additional forms, either procedural or substantive.

But, the point I want to make, Mr. Chairman,—and this is the burden of our statement,—that is Western Union feels that it would not be seemly for us to come and complain to you folk or to tell you about our fears, or our hopes, for that is irrelevant. Whether Western Union likes this or not, is that the basis upon which this body will appraise these enactments? Are you going to enact legislation on that? If so, I will bring all the officers here, and we will all say in unison "We do not like any restriction". Now, obviously we would be wasting the time you have so graciously allotted us if we were to do that. So we are not complaining; we are merely asking you. So, in order to have you give us an intelligent answer, or for the minister, for example, to say one word to me, I have to be specific with him. I recognize that. When I told the minister in effect, about our cable landings, "We are a through international cable system; are you going to interfere with our through traffic", he said "No".

Now, what is left? I am trying to summarize our own position. Well, the orbit with respect to domestic traffic, meaning messages originating in

or destined for Canada—what can Western Union say to honourable members, or to the minister about that? That is within your legislative authority, obviously.

Now, to what extent can we say some factual word? We can tell you the nature of our interest in that traffic. We say to you, "Look at the record. You know what our organization is." We have explained that we have certain feeder cables which link with your C.N.T. facilities, and by that means a certain percentage of our total traffic is domestic.

Now then, what is our position with respect to what you folk enact? Very simple. If the minister is authorized, or anybody—I say "minister", I mean whatever authority you have here, to control domestic traffic? What is the nature of those controls. We ask a question. Before you answer that, you say, "What is the nature of your facilities?" We say to you, "None, with respect to the domestic business." We hope to get more of it and sell Western Union in the future. We want no member to be deceived as to that. We are in competition, naturally, with Commercial Cable Company, as well as C.O.T.C., or anyone else. We want some of this business.

But, all that you need to know factually is this: at a certain point our trans-Atlantic international through cables are physically, by means of equipment, able to link with your C.N.T. lines and pick up some business. Now, what you do about that is your concern.

I will conclude with one explanation that is relevant to that. You must bear this in mind, when the minister, or anyone for that matter, talks about controlling this business, the words "circuit" and "channel" have been used loosely. They do not mean the same thing. I am not an expert, but members have been bandied about here. I do not mean to be harsh, because all of us here are not experts. It is obvious, in this type of proceedings, and I have been before similar proceedings in our country—that is the same thing, you do not sit with experts, or it stretches into months. You are looking at it in the round.

But may I be permitted to summarize our situation, so that whatever you do here that will, in the future, affect Western Union, by regulation or otherwise in that you are going to pass enabling laws, you will have in mind these simple facts, and then determine for yourself whether you wish to interrupt in any way with these, or whether you wish to let the wheel move along. Here they are: a channel, and these channels we have been numbering—when they talk about 45 Western Union channels, they are talking about something explicit—it is a path between a sending unit and a receiving unit. So, when you count channels, and you say "I have 45 channels", roughly speaking you have 45 paths.

Now, a circuit is obviously a channel. But, looking it up in the dictionary it is the whole thing. A channel is a subdivision of a conductor—it is one path; a circuit could be the whole thing and it could be one path. It is true that the term is used loosely but I submit that if you folks intend to write precise language you should bear that in mind, particularly if you ever get into the field of regulations, because if you use the words channels and circuits indiscriminately you are going to find trouble. Western Union has 45 paths connecting sending and receiving units. We could use one path for a number of subscribers, or almost all of them by definition can only be at the same time. Just as the aisle here is wide enough for one person to pass through; fifty people could use the aisle, but the question is: Can you all use it at the same time.

We have 45 paths. I made a statement in answer to a question about a repeater. That is an old story. The repeater is a means of making the original path more efficient and we have always had repeaters in one form or another but the problem arose how to limit the number of repeaters and there was

only one way to do that in international communications and that was to stick them under water. The repeater is an electronic device and it is nothing new. The question was how to protect it against atmospheric and other conditions. Around 1951 we were able to produce a practically perfect underwater repeater, and we were able to drop these repeaters into water. That increased the efficiency of the path. I said something about doubling the number of channels and tandem repeaters. That just means having some repeaters and using them with such efficiency that you may increase the efficiency of the path, I said, about twice. To summarize, roughly speaking the original conductor would take about three paths or channels. The repeater was used to make it six and the tandem repeater, it is believed, will make it 12. The tandem repeater is not in effect as yet; we intend to install a cable in the fall; we do not have any tandem repeaters so our figure of 46 is accurate. I think you must know that there is a limitation to the use of a repeater—it has a "ceiling" to it—which has to do with voltage. When you put a repeater in a line if your voltage is, say, 100 volts, you must increase the volts at the terminal point to reach the repeater. As far as we are concerned, by the use of the tandem repeater we have reached the maximum voltage of about 600. So I want to state as a fact—and if anyone wants technical details we will furnish them—that if and when we put the tandem repeaters into effect, that is about the Western Union system. There is no connection, which you can see at a glance, between that and the coaxial system, capacity-wise, and it is our position as a matter of common sense that the utilization of repeaters in tandem in the past has been well within the limits of reasonably economic and more efficient use of our present facilities.

We say this to you: is there any intention to penalize or restrict the use of the present equipment which we have within the present range of its efficiency with respect to domestic business, and if there is, and you say so by enactment, we will know. We are tremendously relieved that it will not affect the through traffic, but please state that. I gather—and perhaps this is self service—that the minister does not have in contemplation interference with the cable as I have just described it. I say to you now that as of this moment and within the foreseeable future this is our best technical information, and that is about it. The minister, we have felt, in talking about coaxial cables is taking a giant step that goes outside the present limits and into a new realm. We ask this rhetorical question: Are we reasonable in assuming that if and when there is an enactment made, that enactment, where it speaks about depositing powers and controls in some authority, will not be concerned with the present plant as I have just described it? If so—and I think the answer ought to be yes—why not say so by simply exempting the present existing installations? I say I think it ought to be so because unless it is demonstrated that there is something wrong with our present system—and I have heard over and over again that the present system of competition is good—one should not alter it, for once you start tinkering with the present set-up you get into contractual questions of a nature which could provoke litigation. If the answer is "yes"—and I believe that is the answer now—all you are talking about is coaxes or such substantial advances in the art as to go beyond what presently exists. Then, we submit that the members can, of course, do that and they should say so. Some day it could surely happen that Western Union might wish to lay a coaxial cable and if they do we shall come under the jurisdiction and comply with the law. I hope I have clarified the position, and I apologize for stating the situation at such length.

Mr. NICHOLSON: I gather the witness wishes to convey the impression that Western Union is not a "dying duck" as the interference might have been given last night. While Western Union is living under a diverting order, I presume Mr. Levett considers they have something of an asset which will be

realised at some time. He mentions that they have been doing business in Canada for quite a number of years. Would he consider that if a competitor had a contract for $1,600,000 a year for 10 years that 24 additional outlets available in Canada with this would provide unfair competition to Western Union in connection with the handling of the business available in Canada.

Mr. LEVETT: Mr. Chairman, bearing in mind the word "unfair" my answer would be: no.

Mr. NICHOLSON: If a competitor had a contract with our government for $1,600,000 a year for 10 years which you did not have or which you could not get and if we were able to open 24 new circuits in Canada it would appear to me that they would have an advantage over you and that it would be difficult for you to continue to have your share of the Canadian business —such a share as in the past.

Mr. LEVETT: That is not the same question. It would not be unfair though it certainly might be hard. I do not characterize it—it would be competition and they would definitely have the advantage, but there is nothing wrong about getting a contract; it was legally acquired—bid for in the open market, so to speak. It would not be unfair but it certainly would be mighty competition.

An Hon. MEMBER: Difficult competition.

Mr. LEVETT: Exceedingly difficult but I do not understand how we could say it was unfair. Legally it would not be; morally it would not be. Certainly it would be substantial and effective competition.

Mr. HOSKING: Is it more effective competition because of the government order worth $1,600,000?

Mr. LEVETT: I would have to know the ratio between that figure and the operating costs.

Mr. HOSKING: But if your company had a $1,600,000 contract from the government it would be very useful to you?

Mr. LEVETT: Yes, but the point is that one does not know what is the cost of earning this $1,600,000, and I would have to know that—in other words I do not feel too free to comment on the impact of this $1,600,000 unles I have more details.

Mr. HOSKING: You would not be suggesting that the Commercial Cable Company would be in a position where they would accept such a subsidy?

Mr. LEVETT: I do not know. That would be for its determination.

Mr. NICHOLSON: That sort of thing does not happen in Canada very often.

Mr. LEVETT: You know there are loss leaders—that is common in business. I am not saying it is here.

Mr. NICHOLSON: Your company might think it was wise to have a loss leader like that, too.

Mr. LEVETT: No. We would not take it for $1,600,000.

Mr. LANGLOIS (*Gaspe*): Mr. Chairman, can we get back to the bill now?

The CHAIRMAN: I would think so.

Mr. JOHNSTON (*Bow River*): Last night we made reference to having the application of the Commercial Cable Company put on the record. I now have a copy of this application, and might I move again that it be included as an appendix to the proceedings.

The CHAIRMAN: Yes.

Mr. LANGLOIS (*Gaspe*): You mean it should be printed?

Mr. JOHNSTON (*Bow River*): Yes.

The CHAIRMAN: Is it agreed that this be placed on the record?

Agreed. (See appendix I.)

The CHAIRMAN: We are now considering section 40.

Mr. HAMILTON (*York West*): Are we going to deal now with each individual item instead of just section one of the act being all inclusive?

Hon. Mr. MARLER: I think we should.

Mr. LANGLOIS (*Gaspe*): Let us deal with each heading.

On clause 1.

Proposed new sections 40 and 41 agreed to.

On proposed new section 42.

Mr. HAMILTON (*York West*): In connection with this new section 42, I would like to move, seconded by Mr. Bell, that it be amended by substituting the Board of Transport Commissioners for the governor-in-council and by adding the word "orders", so that section 42 will read as follows:

42. The Board of Transport Commissioners may make orders and regulations

(*a*) providing for the issue of licences for the purposes of this Part;

(*b*) respecting applications for licences and prescribing the information to be furnished by the applicants;

(*c*) prescribing the duration, terms and conditions of licences and the fees for the issue thereof;

(*d*) providing for the cancellation or suspension of licences for failure to comply with the terms and conditions thereof; and

(*e*) generally, for carrying the purposes and provisions of this Part into effect.

Hon. Mr. MARLER: Well, Mr. Chairman, I do not say that there will never be a time when the subject of telecommunications should not be under the jurisdiction of the Board of Transport Commissioners, but at the present time the Board of Transport Commissioners is not organized to exercise the jurisdiction which is contemplated by this amendment and I think we have to remember the fact that the Department of Transport has a telecommunications division which is staffed by competent people and experts necessary to prepare and carry out the appropriate regulations and in the circumstances I cannot accept the amendment which Mr. Hamilton has moved.

Amendment negatived: the clerk counting yeas: 4; nays: 19.

On proposed Section 43: Offences.

Mr. HAMILTON (*York West*): The minister said something yesterday about the regulations and I think he said he might give us an idea about them. They have not been mentioned, and I wonder if he would care to do that now?

Hon. Mr. MARLER: I thought, Mr. Chairman, that I had covered the ground fairly fully yesterday afternoon. I am quite sure that when you read the record of the committee proceedings after it is printed it will be found that I did cover the subject quite fully. I am sorry, but I lent my notes last night and I have not got the page which refers to that particular aspect of the matter; but I would like to say this to the committee: I did say that I was ready to consider an amendment with regard to the effect of the regulations upon through traffic.

Professional members of the committee, I know, will appreciate the situation when I say that when we came to examine the draft bill after the committee rose, we found that the preparation of an amendment presented some very real difficulties in drafting, and I was not able—even if we had

got to it last night or this morning—to say that I would propose an amendment in certain terms to the bill with the object of removing from it the effect of the regulations upon through traffic.

The reason for that is that we are faced with a number of aspects in the question. Section 41 deals with external communications service, and what we are talking about in terms of traffic is something that does not form a part of such service. But all I can say in summing up, is that Mr. A. E. Driedger of the Department of Justice who drafted the bill will consult with my technical officials to see what sort of an amendment could be worked out, and I hope that when the bill is considered in the House of Commons at the committee stage it would be possible then for me to submit an amendment along the lines I have already indicated.

Mr. BELL: What powers do you feel you have now regarding the setting of rates?

Hon. Mr. MARLER: I said yesterday, and I take occasion this morning to repeat it, that we do not propose to make use of the licensing system which is contemplated in the bill as a measure by which to control rates.

Mr. BELL: But that power would be there!

Hon. Mr. MARLER: I do not know the particular section; it might conceivably, I suppose, come under the heading of conditions of the licence; about all I can say to the committee is that we have no intention whatsoever of using a licensing system for the purpose of controlling rates.

If that had been in our minds we would have spelled it out so that the hon. members would appreciate the full significance of that aspect of the question. But I can assure the committee that we have no intention whatsoever of endeavouring to control rates through a licensing system.

Mr. BELL: You have gone over this and I do not want you to go into it again in detail, but could you say a word as to the new power which you feel you have? You said yesterday that the new act gives you certain things which you did not feel that you had legally before.

Hon. Mr. MARLER: I think, in a word, that it would enable the government to prescribe in a licence conditions of a continuing character to be accomplished after the cable was laid, whereas I believe that now under section 22, the conditions which seem to be contemplated are of a character which ought to be accomplished before the cable laying operation is terminated.

Mr. BARNETT: May I ask a question with respect to rate control? Yesterday, if I recall it correctly, the minister made some remark about a section of the Railway Act which he said had not been proclaimed and which had to do with rate control. Does the Board of Transport Commissioners under the Railway Act at the present time exercise rate control over internal telegraphic communication, that is, over the rates of Canadian National Telegraphs or Canadian Pacific Telegraphs?

Hon. Mr. MARLER: My officials tell me that so far as the domestic operations are concerned—I am thinking of course of land operations—that in section 380 of the Railway Act, the Board of Transport Commissioners has the power to regulate, but so far as cable rates are concerned, my understanding is that they fall under section 381 of the act which, according to my information, has not yet been proclaimed, and therefore is not in force.

Mr. BARNETT: If section 381 were proclaimed, the power would then lie with the Board of Transport Commissioners?

Hon. Mr. MARLER: Yes, within the terms of section 381. I have not read that section recently and I do not remember exactly the language of it.

The CHAIRMAN: Shall new clause 42 carry?

42. The Governor in Council may make regulations

(a) providing for the issue of licences for the purposes of this Part;
(b) respecting applications for licences and prescribing the information to be furnished by the applicants;
(c) prescribing the duration, terms and conditions of licences and the fees for the issue thereof;
(d) providing for the cancellation or suspension of licences for failure to comply with the terms and conditions thereof; and
(e) generally, for carrying the purposes and provisions of this Part into effect.

Mr. BARNETT: I have one or two questions I would like to ask in connection with the various subclauses of clause 42 based upon paragraphs (a), (b), and (c) which mention the fees to be charged for the licence. I think it might be useful if the committee could have some information on the question and the purpose of the scale of fees which the government has in mind in this connection. Are the fees merely to be nominal ones to cover what one might consider to be the overhead of administration?

Hon. Mr. MARLER: That is what my officials have in mind at the moment, namely, nominal fees which would be compensatory for the time which would be involved in processing the application.

The CHAIRMAN: Shall the proposed new clause 42 carry?
Agreed to.

Shall new clause 43 carry?
Agreed to.

Shall new clause 44 carry?
Agreed to.

Shall new clause 45 carry?
Agreed to.

Mr. HAMILTON (*York West*): Before the whole of clause 1 carries, I would like to move—and I am keeping in mind what the minister said about what might be done in the interval between now and the third reading of this bill in so far as the question of an amendment dealing with through traffic is concerned; but at the same time I would like to move at this time that a new section 47 of the Telegraphs Act be added.

Hon. Mr. MARLER: You mean section 46, do you not?

Mr. HAMILTON (*York West*): Yes; that a new section 46 of the Telegraphs Act be added to what is now clause 1 of Bill 212 reading as follows:

46. All the provisions of part III and this part dealing with external submarine cables shall come under the jurisdiction of and be administered by the Board of Transport Commissioners.

Hon. Mr. MARLER: I would like to see the amendment, if I might. Well, Mr. Chairman, I think that hon. members of the committee would realize that the question of external submarine cables is not wholly a domestic matter and it is not wholly a matter of regulation of the rate structure because there are international implications to it; and I could not for a moment accept an amendment that broad affecting all this proposed section because in effect it would mean that we were entrusting to a subordinate body something for which responsibility belongs to the government.

Mr. LEBOE: On that point, what relationship would that have with international communications by land; is there any comparison which you could give which would enable us to determine the difference between a communication which happens to go under the water and one which goes over the land? I just do not follow it.

Hon. Mr. MARLER: We are not attempting to regulate international communication by land because there are several thousand circuits which exist between Canada and the United States. There is no attempt being made by this bill to deal with anything else but external submarine cables.

My officials point out that we have communication by radio, but there is a special jurisdiction in the minister, and I do not see that it would make sense to provide that for external communication which is mostly international in character such as we have—I am talking about submarine cables particularly—that we should delegate that responsibility to a quasi-judicial body. They are not an administrative body, they are a quasi-judicial body and I do not think this would be at all in keeping with the purposes for which the board was established.

Mr. BELL: But you have done it in the case of your railways?

Hon. Mr. MARLER: Yes, but you know perfectly well that the powers which the board exercises over the railways are powers of regulation; they are not powers of negotiation. They do not negotiate wage agreements for the railroads or participate in the administration of railroad affairs. They merely exercise control over railroad activities—both the Canadian National Railways, the Canadian Pacific Railway and all the railway companies of Canada—in their relations with the public.

If we were talking about the relationship with the public, that might be a different matter, but what we are talking about here is what Mr. Hamilton has suggested by his amendment, that the provisions of part III of the Telegraphs Act and part IV should be entrusted to the Board of Transport Commissioners. I would say that it was wholly unacceptable.

Mr. BELL: Might I suggest that there is a conflict of interest there because the government is in this business just as it is in the case of the railways, and I think this will become an increasing problem in the future with new inventions coming up and the fact that the coaxial cable may become outdated tomorrow—as to which I probably would not get much agreement here; and all I can say is: what is going to be the future of this whole business? I think it is going to put the government in a position where there will be greater criticism of it than ever before. That is my thought!

Mr. LANGLOIS (*Gaspe*): The Board of Transport Commissioners has jurisdiction over railways operating within Canada, while here we are dealing with an external-international system of communications. I think you should bear that in mind.

Mr. HAMILTON (*York West*): I think that in applying it to these aspects of the operations in Canada, while the minister says he does not intend to deal with rates, obviously—there will be lots of time for questions before lunch—obviously it does give him the right to deal with rates and I do not think those powers should be in effect.

Mr. JOHNSTON (*Bow River*): May we have the amendment read again?

Mr. HAMILTON (*York West*):

> 46. All the provisions of part III and this part dealing with external submarine cables shall come under the jurisdiction of and be administered by the Board of Transport Commissioners.

Mr. JOHNSTON (*Bow River*): You have definitely stated external submarine cables!

The CHAIRMAN: Shall the amendment carry? Those in favour of this amendment will kindly raise their right hands? It is easier to count them that way.

The clerk counting:

Yes? Three. Opposed? 17.

I declare the amendment lost.

Shall clause 2 carry?

2. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

Mr. HAMILTON (*York West*): Before the bill carries, I would like to move, seconded by Mr. Bell, that a further clause 3 be added to the bill reading as follows: (New clause 3):

This part does not apply in respect of a company which is already operating external submarine cables under the authority of an act of the parliament of Canada.

The CHAIRMAN: That would be a new clause.

Mr. HAMILTON (*York West*): Yes, that would be a new clause 3 to this bill.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, may I ask the minister if it was his intention, and did he say a moment ago, that when the bill comes up in the house that he is going to present an amendment to deal with this matter.

Hon. Mr. MARLER: Mr. Chairman, this amendment, in effect, says that this act does not apply to anybody in the cable business. It is a very simple amendment. We might just as well not pass the bill as pass this amendment, except, of course, if somebody at some future time desires to build a cable it would apply to that. In view of that, I would not accept such an amendment, Mr. Chairman, and I doubt if the committee would do so either.

With reference to the question put by Mr. Johnston, the amendment of which I was thinking referred to through traffic, but is not the kind of proposal which Mr. Hamilton has just brought forward.

The CHAIRMAN: Shall the amendment to include an additional clause 3 carry?

Motion defeated. The Clerk counting.

Shall I report the bill?

Mr. HAMILTON *(York West):* No. I think that the bill itself, as I understand it, still has to be called for a vote in connection with the passage of the bill. I would like to say a few words at this stage. I do not intend to compete with the eloquence which we have heard this morning in connection with this situation.

Mr. JOHNSTON (*Bow River*): You are sure going to try.

Mr. HAMILTON *(York West):* I would like to say to the committee that what has impressed me most of all throughout the three days that we have spent dealing with this subject matter has been the fact that we have had to rely on the basis of questions and answers of the minister in connection with what his intentions are.

As a lawyer I say this, that that is the best evidence which I think we can get that here we are handing over something in connection with administration through this act and we have absolutely no idea what the results are going to be.

I would specifically ask each one of you to tell me, after having sat here for this period, what you think the act is going to do and what powers the minister will have. These companies have been in business for, I think, seventy-five years. They have carried on under an act which was passed as far back, in one case, as 1884. From what we have heard they have had the best of relations with, and have submitted every change in connection with their companies' policies to, the department for approval. There has been no evidence whatsoever before us that up to this stage there has been any need for a change.

Now, what has happened? This government is now in a telecommunications business; that is what has happened. This act is specifically designed to ensure that it stays in that business and on an ever increasing scale.

Now, it may be that basically we differ on straight political principles, and it may be that my philosophy is that I do not want the government to be in any business if we can keep it out. But, at the same time, I think that you must realize that the net result of this type of legislation is a penalty on efficiency.

What are we trying to do here? Here is a company which comes along with advantages saying that they want to give the benefit of those advantages to the Canadian people.

What are we saying today? We are saying "No". In fact, if you want an illustration, we are saying the same thing that we are saying in connection with the operations of the C.B.C.—"No, we will take the technical improvements 20 years from now, after we have seen everybody else have the benefit of them". That, in fact, is what is happening here as well.

Mr. Bell has said that these problems are going to increase. Gentlemen, they are. It may be that this is the last opportunity for us to do something about it.

Mr. Chairman, I want to deal with one point, because I know I am going to be confronted with it by the time this bill gets in the house. Someone is going to say, "Yes, you are going to see that a big United States company is favoured in connection with some competition with a Canadian enterprise". I think, sir, that if this were a Canadian private enterprise, working as I know it can, there would be no such problem as we are faced with today. There would have been no need to come into this room. The best thing I can do in connection with maintaining, what I think is proper and fit in circumstances of this kind is to ask the executive vice president of the company whether he is prepared to see that Canadians have the opportunity to take part in his activities. He said he is prepared to consider that, and put it before his board of directors. Now, if we insist on having the government compete, that certainly is the most that we can expect. I honestly do not know how any of us can accept a bill, when we have not got the foggiest idea of what the result will be.

Hon. Mr. MARLER: Mr. Chairman, I think that there is quite obviously a very clear misconception in Mr. Hamilton's mind as to what the purpose of this bill is. Anybody who read it would realize that it does not deal in any way with any refusal, past, present or future under section 22. In fact, if we were to examine what Mr. Hamilton has just said, I think we would find that what he was discussing was the action of the government in dealing with the application of Commercial Cable Company.

Now, that is a very interesting subject, and we have spent a lot of time considering it. But, I think I have made it perfectly clear from the beginning, and I think honourable members of this committee all realize that that is not part of this bill. Mr. Hamilton said, "What are we trying to do?" The answer is: we are establishing a licensing system with regard to the operation of external submarine cables. We are providing for a licensing system so, as I said, we can exercise reasonable control within the terms of the regulations, and within the terms of the act, over cables leaving Canada. I find it very difficult to accept the arguments he has just invoked. I recognize perfectly well his right to think that the government ought to have given favourable consideration to the Commercial Cable Company; but, in my own political experience, I have always found that those who have no responsibility for the decisions are always ready to suggest that the decisions that have been taken should have been taken in some other sense. I know, having lived a fairly long time in opposition, just how easy it is to suggest that what the

government has done is wrong, and that if the honourable gentleman had been there he would have decided differently. I do not really believe that if he had been in my position he would have decided it differently. I recognize to him the right to speak as freely as he does without having to take any responsibility for the consequences of his opinions.

Mr. HAMILTON (*York West*): Mr. Chairman I would like to say that I have no apologies for not being government-minded and I would like to add one further thing—that I clearly distinguish between the application which was made by the Commercial Cable Company and the ramifications of this bill. That is what has happened many times before. A concrete case has been needed, an excuse has been necessary, and the broadest powers have been handed over to the governor in council.

Mr. BELL: There is one thing I want to say for the record, and that is with respect to the matter of ratification of our international conventions. I said earlier that I was going to deal with this more specifically but the occasion has not been too opportune and perhaps the Shipping Act discussions will provide a better opportunity. I think we should be extremely worried about this question of the people who sign international conventions on behalf of Canada. A treaty or convention is returned to this country and then dealt with in four ways: first, nothing is done about it; second, the governor in council may act on it, and thirdly there is legislative action by the inclusion of the particular treaty or convention in a bill. Fourthly there is the matter of the separate incorporation of that treaty or convention in a statute of Canada. I think that probably the fourth way is the ideal way in which it should be done. But we have had an example here where we do know the causes and effects of these old conventions which were signed on behalf of Canada and I think we should look into this point. I am not a constitutional expert—I do not know anything about it—but I think we should be worried about it because otherwise we might become involved in various legal and international problems before this thing is over, and the problem is increasing.

Mr. NICHOLSON: Before we adjourn—

Hon. Mr. MARLER: There is a motion, I think, that the bill be reported.

Mr. NICHOLSON: Just a word, Mr. Chairman. Mr. Hamilton has raised an interesting point. He is concerned about giving very wide powers to the minister. But I think we have to face the alternative of either giving wide powers to the minister or to an American company which was given a licence to do business in Canada in 1884.

This long brief which we discussed the other day suggested that the minister has not any power—that because this act was passed in 1884, for all time to come the company should be permitted to do anything it wants at any time. I think we have a right to kick out the minister if he takes action which does not stand up against public opinion, and if I have to choose between giving the minister the right to decide what should be done or giving the Commercial Cable Company the right to decide what should be done, I prefer to give the minister that right and reserve to myself the privilege of registering a complaint every year when the minister's estimates come up for discussion and, in due course, of getting rid of the minister and getting someone else who can do a better job.

Hon. Mr. MARLER: An excellent suggestion.

Mr. BELL: Does Mr. Nicholson object to this application because he is a socialist or because he is against an American company?

Mr. NICHOLSON: No, I am not against an American company. I think it is fair Canadian law to establish that anyone who is given permission in 1884 or 1885, or at any time, to do certain things should be required to come before

the Canadian parliament from time to time so that parliament may decide whether it wishes to make any change or not. It would seem to me that since there is a dispute between the minister and this particular company the minister is quite within his rights in saying that the law should be quite clear and that he should have the right to decide what should be done regarding problems which arise from time to time.

Mr. LEBOE: I want to ask the minister a question if I may. I thought I understood him to say that it was as a result of this application that the need for the bill arose.

Hon. Mr. MARLER: I did not say that.

Mr. LEBOE: That was my understanding of what you said yesterday—that it was due to this application that the bill was brought up, because it was presenting certain difficulties.

Hon. Mr. MARLER: The application did raise certain difficulties, but I did not say what you have suggested I said.

The CHAIRMAN: Shall I report the bill without amendment? Agreed.

Mr. HAMILTON (*York West*): On division.

The CHAIRMAN: Before adjourning I wish to thank the minister and the witnesses from the Commercial Cable Company and the Western Union company.

On Monday we shall meet at 11.30 a.m. to consider Bill 349, the Canada Shipping Act.

APPENDIX I

TO THE HONORABLE THE GOVERNOR IN COUNCIL
OTTAWA, CANADA

Application of

THE COMMERCIAL CABLE COMPANY
For approval of a Proposed Plan of Shore Approaches, Stations, etc. in Canada of a Coaxial Telegraph Cable Between the United States, Canada, Greenland, Iceland and The United Kingdom.

This application is filed pursuant to the provisions of section 22 of Chapter 262 of the Telegraphs Act. R.S., c. 194, s. 1, which provides as follows:

> 22. The company shall not exercise any of the powers by this Part conferred until
>
> (*a*) the company has submitted to the Governor in Council, a plan and survey of the proposed site and location of such telegraph and its approaches at the shore, and of its stations, offices and accommodations on land and all the intended works thereto appertaining,
>
> (*b*) such plan, site and location have been approved by the Governor in Council, and
>
> (*c*) such conditions as he thinks fit for the public good to impose touching the said telegraph and works, have been complied with. R.S., c. 194, s. 22.

The Applicant, The Commercial Cable Company, has owned and operated for many years a North Atlantic submarine cable system consisting of six cables, extending between the United States and Europe. These cables were landed and are operated on the shores of Canada under authority of an Act of the Parliament of Canada, entitled an Act to Grant Commercial Powers to The Commercial Cable Company, 74, Victoria, Chapter 87, Assented to April 19, 1884, a copy of which Act is hereto attached and designated as Attachment No. 1. (Four of the cables of this system land or touch the shores of Newfoundland for which authority was originally granted by the Newfoundland Government.) Two of the six cables were laid in 1884, one in 1894, one in 1900, one in 1905 and the latest in 1923. The present cable capacity of these cables is limited to 8½ duplex channels. A chart showing Commercial's present trans-Atlantic cable system including the routes and landings of the said cables in Canada is hereto attached as Chart No. 10.

EXISTING FACILITIES INADEQUATE

Over the past seven or eight years there has been a tremendous growth in Leased Wire Service and TWX within the Continental United States which is expected to continue. Presumably, the same degree of increase in these services has been noted within Canada. In the international telegraph field, there has been an increasing demand for Leased (telegraph) Channel Service and Telex Service. This has been substantiated by the number of requests the Applicant has received for such services, and by a survey made of some customers in the United States while plans for this new cable were being considered. Almost without exception all customers interviewed were interested in Telex Service and approximately 50 per cent of the interviewed were also interested in international Leased (cable) Channel Service. In addition to the indicated need for such commercial services, which the Applicant can not presently meet with its existing facilities, there has also developed a substantial

demand for leased cable telegraph channels by Government agencies. The latest survey made in the United States indicates a need and proposed use at the present time of approximately 60 leased duplex telegraph channels in the new cable. Applicant's present cable capacity is limited to 8½ duplex channels. Applicant has made no survey in Canada with respect to the need for additional facilities, but is inclined to believe that the increasing demand as is found in the United States similarly applies in Canada.

In addition to the foregoing, Applicant is in need of additional and more modern cable channels in order that it may improve its service to the public and to the governments of its regular message traffic.

PROPOSED NEW COAXIAL CABLE

Applicant plans to lay a new coaxial cable along the route shown on the attached Chart No. 11, which will extend from Rockport, Massachusetts (USA), via Canada, Greenland, Iceland to the United Kingdom. Details of the various links, particularly with reference to Canada and its waters, are shown in succeeding charts attached hereto. The proposed cable will be approximately 3,500 miles in length and will be constructed of latest design and type known as 0·62″ coaxial cable, steel armored, polyethylene insulated, with submarine repeaters spaced approximately 55 miles apart. The repeaters will be of the torpedo type and rigid and will be capable of being operated simultaneously in both directions making it unnecessary to lay two cables. They are to be manufactured by Standard Telephones and Cables, Limited of London (a subsidiary of International Telephone and Telegraph Corporation). The overall cost for the entire project is estimated at approximately $25,000,000. On current estimates, completion of the laying of the three links between Massachusetts and Greenland is expected by the end of 1956, and the extensions between Greenland through Iceland to Scotland by the end of 1957. The cable will contain 120 teleprinter channels, each operating on a duplex basis at a speed of 60 words per minute in each direction. It is planned initially to terminate 24 60 word per minute duplex, teleprinter channels at Canso, Nova Scotia. Alternatively, telephone, telephoto or facsimile service can be furnished by using the necessary band width of frequencies required for such services.

The proposed cable will provide cable communication for the first time between Canada and Greenland and will provide for the first time direct cable communication between Canada and Iceland as well as direct cable communication between Greenland and Iceland. The route chosen will provide technical operating advantages in the operation of a new cable course remote from certain trawler areas which are hazardous to existing cable routes.

Applicant does not propose to furnish any public telephone service over this cable. However, there is at least one United States Government agency which desires a telephone channel connecting the United States with Canada, Greenland, Iceland and the United Kingdom. Applicant is prepared and willing to furnish such a channel to the United States Government either directly or through the facilities of the operating telephone companies or agencies in the several countries involved.

PROPOSED ROUTE OF CABLE

It is proposed to run the cable from Rockport, Massachusetts (USA), to the Applicant's existing station at Canso, Nova Scotia and thence through the Gut of Canso into the St. Lawrence River and eastwardly to the head of Fortune Bay in Newfoundland, thence across Newfoundland by underground to a location adjacent to Clarenville and thence to Smith Sound or alternatively Bonavista Bay to Julianehaab, Greenland, thence to a point on the southwest

coast of Iceland and thence to a point at or near Gairloch on the northwest coast of Scotland. The proposed route, particularly as concerns Canadian territory, is shown in detail on the attached charts.

PROPOSED NEW ACTIVITIES IN CANADA

When the new cable is placed in operation the Applicant proposes to base one of its cable ships at Halifax to provide better maintenance of the cables. It is estimated that this operation will entail an annual expense to Applicant in Canada of about $800,000. Also it would be necessary for Applicant to acquire hut sites at the head of Fortune Bay and on Bonavista Bay or on Smith Sound if the latter should be chosen instead of the former. Also it will be necessary to acquire a site and build an office in the vicinity of Bonavista Bay landing or the Smith Sound landing and the office will be staffed at this point to the extent possible with Canadian employees. It is estimated that the expenses of the station will be in the neighborhood of $100,000 per annum.

COST AND FINANCE

The cost of the cable will be approximately $25,000,000. Financing arrangements have been concluded and necessary funds will be provided by the Metropolitan Life Insurance Company of New York, the International Telephone and Telegraph Corporation, of which this Applicant is a subsidiary, and from Applicant's own working capital. It is intended that the entire cable and associate facilities will be solely owned and operated at all terminals and stations by the Applicant, the Commercial Cable Company.

Wherefore, in view of the foregoing and the information contained in the charts and other attachments herein, it is respectfully requested that the Governor in Council approve the following listed requests:

1. To lay the proposed new cable in Canadian waters along the routes or alternate routes as indicated on the charts in this folder.

2. To acquire beach rights and land necessary for cable huts or manholes and approval to build same at the following points:

(*a*) Portage Cove, Nova Scotia. (See Chart 13)

(*b*) At the head of Fortune Bay. (See Charts 21, 23 and 23A)

(*c*) On the southwest arm of Goose Bay as indicated on Chart 28B.

3. To lay the underground connection for the new cable from Portage Cove cable hut to a point where it joins the present undergrounds of the Company as indicated on Chart 13 and thence following the present undergrounds of the Company through Hazel Hill to the cable hut at Fox Bay as indicated on Chart 13A.

4. To connect as many of the channel facilities at the Company's cable station at Hazel Hill, Nova Scotia as are necessary. Present plans call for the termination of a minimum of 24 duplex teleprinter channels.

5. To lay the cable through, under, over or around the causeway now under construction between Cape Porcupine and Balache Point in a manner that is mutually agreeable to both the Company and the interested Canadian Government, Provincial and local authorities. (Our present thinking is to land a cable near the southern side of the causeway, cross the causeway through a duct and re-enter the Strait of Canso again on the northern side of the causeway). (See Chart 18).

6. To use the same underground route as that to be used for the ATT/ETT/COTC/BPO telephone cable from the head of Fortune Bay to a point in the South Bight of the northwest arm of Random Sound, provided

it is agreeable to all parties concerned. (If the interested parties are agreeable our plan would provide for a separation of approximately seven feet between the underground trenches carrying the Company's proposed new cable and the telephone cable. Our thought is to use the same right-of-way as will be used by the new telephone cable, but not to occupy the same trench, and to enter into an agreement for joint maintenance and construction costs of the underground cable route.) (See Chart 23A).

7. To acquire beach rights and establish a cable operating station as indicated on Chart 28B in the immediate vicinity of Clarenville, Newfoundland, Canada. This would also mean permission to acquire land on which to construct the cable operating station building. Alternatively, the Company would like to have permission to acquire the necessary beach rights and property to build a cable operating station in the vicinity of Muddy Hole at the head of Smith Sound should that location prove to be more desirable, although, in our opinion, the location in the vicinity of Clarenville will be preferable. The location of Muddy Hole is indicated on Chart 28B.

8. To construct an underground route from the site of the proposed cable station as indicated on Chart 28B in the vicinity of Clarenville along the route shown to the cable hut in the southwest arm of Goose Bay.

9. To make such connections in the communications system in Newfoundland as are necessary to provide communication service from the Company's proposed cable station in the vicinity of Clarenville to and from the air bases in Newfoundland, Canada and to and from the Company's office in St. John's, Newfoundland, Canada.

10. To use either the Smith Sound or Bonavista Bay routes for the Julianehaab, Newfoundland section of cable. (See Charts 24, 26, 28, 28A and 28B).

Respectfully submitted,

G. F. Maclaren,
Barrister and Solicitor,
Ottawa 4, Canada.

Of Counsel:
James A. Kennedy,
67 Broad Street, New York, N.Y.

The Commercial Cable Company
By Forest L. Henderson,
Executive Vice President.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman—H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Bill No. 349 (H7 of the Senate), An Act to amend the Shipping Act.

MONDAY, JULY 16, 1956

TUESDAY, JULY 17, 1956

Explanatory Statements by the Parliamentary Assistant to the Minister of Transport

WITNESSES:

Mr. J. R. Baldwin, Deputy Minister; Alan Cumyn, Chief, Steamship Inspection Service and Chairman of the Board of Steamship Inspection; Department of Transport.

Mr. A. E. Driedger, Assistant Deputy Minister, Department of Justice.

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

77115—1

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McIvor
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Murphy (*Westmorland*)
Nesbitt
Nicholson
Nixon
Nowlan
Purdy
Ross
Small
Viau
Villeneuve
Vincent
Weselak

Antonio Plouffe,
Clerk of the Committee.

REPORT TO HOUSE

FRIDAY, July 20, 1956.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

TENTH REPORT

Your Committee has considered Bill No. 349, (H-7 of the Senate), an Act to amend the Shipping Act and has agreed to report it with amendments, namely:

Clause 9, page 4—

Section 119 to be deleted and the following substituted therefor:

Certificates of service.

"119. (1) Every British subject who

(*a*) served as a master of a home-trade, inland waters or minor waters steamship of over ten tons, gross tonnage, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service.

(*b*) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and

(*c*) passes the prescribed examination is entitled, on payment of the prescribed fee, to a certificate of service as master of a steamship not exceeding three hundred and fifty tons gross tonnage, not carrying passengers and not being a tug, within the limits prescribed by the Minister and specified in the certificate.

Prior certificates.

(2) The holder of a certificate of service as master of a steamship not exceeding one hundred and fifty tons gross tonnage in force at the date of the coming into force of this subsection retains all the rights and privileges he had under that certificate immediately before that date."

Clause 23, page 8—

Part VIIA, Section 495A to be deleted and the following substituted therefor:

Convention approved.

"495A. (1) The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule, (hereinafter called the Convention), is approved.

Regulations.

(2) The Governor in Council may make regulations

(*a*) to carry out and give effect to the provisions of the Convention;

(*b*) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada; and

(*c*) prescribing a fine not exceeding five hundred dollars or imprisonment not exceeding six months or both fine and imprisonment to be imposed upon summary conviction as a penalty for violation of a regulation made under this section".

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A copy of the Minutes of Proceedings and Evidence relating to the above Bill is appended hereto.

A copy of the Minutes of Proceedings and Evidence relating to Bill No. 212, An Act to amend the Telephone Act which was reported on July 19, is also appended.

Respectfully submitted,

H. B. McCULLOCH,
Chairman.

THE SENATE OF CANADA

BILL H[7].

An Act to amend the Canada Shipping Act.
(No. 349. House of Commons)
as Referred to Committee

An Act to amend the Canada Shipping Act.

R.S. c. 29; 1952-53, c. 20.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Paragraph (17) of section 2 of the *Canada Shipping Act* is repealed and the following substituted therefor:

"Consular officer."

"(17) "consular officer" means a consular officer of Canada or any person for the time being discharging the duties of a consular officer of Canada, and in the absence of a consular officer of Canada or such other person, means a consul-general, consul or vice-consul of the United Kingdom or any person for the time being discharging the duties of consul-general, consul or vice-consul of the United Kingdom; and when used in relation to a country other than Canada, "consular officer" means the officer recognized by Her Majesty as a consular officer of that country;"

2. Section 8 of the said Act is repealed and the following substituted therefor:

Exemption from registry.

"**8.** Ships not exceeding fifteen tons register tonnage employed solely in navigation on the lakes, rivers or coasts of Canada and pleasure yachts not exceeding fifteen tons register tonnage wherever employed or operated are exempted from registry under this Act."

3. The said Act is further amended by adding thereto, immediately after section 95 thereof, the following section:

Deductions in special cases.

"**95A.** (1) Notwithstanding section 95, where in the case of a ship to which this section applies the space solely occupied by and necessary for the proper working of the boilers and machinery is thirteen per cent or less of the gross tonnage of the ship, then in ascertaining the register tonnage of the ship the deduction allowable for that space under section 95

Explanatory Notes.

1. The present paragraph (17) reads as follows:

"(17) "consular officer" means a Canadian consular officer, *or such other person as may be designated by the Governor in Council to perform the duties of a Canadian consular officer under this Act* and, in the absence of a Canadian consular officer or of such other person, includes a British consul-general, consul and vice-consul, and any person for the time being discharging the duties of British consul-general, consul or vice-consul; when used in relation to a foreign country, it means the officer recognized by Her Majesty as a consular officer of that country;"

The purpose of the amendment is to include any person discharging the duties of a consular officer, without requiring a particular designation.

2. The present section 8 reads as follows:

"8. Ships not exceeding *ten* tons register tonnage employed solely in navigation on the lakes, rivers or coasts of Canada and pleasure yachts not exceeding *ten* tons register tonnage wherever employed or operated are exempted from registry under this Act."

The purpose of the amendment is to increase the tonnage from 10 to 15.

3. This provision is new. The purpose is to provide for engine room space allowance similar to that provided for in the *United Kingdom Merchant Shipping Act.*

(a) shall be computed in accordance with subsection (2) of this section, but

(b) shall not be made unless the surveyor of ships is satisfied that the space provided for the working of the boilers and machinery and the ventilation and lighting of that space are adequate.

Amount of deduction.

(2) Subject to the limit imposed by paragraph *(c)* of subsection (1) of section 95, the amount of the deduction shall be as follows, namely,

(a) if the tonnage of the space solely occupied by and necessary for the proper working of the boilers and machinery is thirteen per cent of the gross tonnage of the ship, the amount shall be thirty-two per cent of that gross tonnage, and

(b) if the tonnage of that space is less than thirteen per cent of the gross tonnage of the ship, the amount shall be thirty-two per cent of that gross tonnage proportionately reduced.

Paddle wheels.

(3) In relation to ships propelled by paddle wheels, subsection (1) has effect as if for the references to thirteen and thirty-two per cent there were substituted respectively references to twenty and thirty-seven per cent.

Application of section.

(4) This section applies

(a) to any ship the keel of which is laid after the coming into force of this section, and

(b) if the owner has made a request in writing to that effect to the Minister of Transport, to any ship in respect of which the surveyor of ships is for the time being satisfied as mentioned in paragraph *(b)* of subsection (1).

Where deduction depends on surveyor being satisfied as to adequacy of space.

(5) Where the making of the deduction mentioned in subsection (1) or its computation in accordance with subsection (2) depends on the surveyor of ships being satisfied as mentioned in paragraph *(b)* of subsection (1), and the deduction

(a) has been made and so computed but a surveyor of ships, on inspecting the ship, fails to be satisfied as mentioned in paragraph *(b)* of subsection (1), or

(b) has not been made or, as the case may be, has not been so computed, but a surveyor of ships, on inspecting the ship, is satisfied as mentioned in paragraph *(b)* of subsection (1),

the surveyor shall inform the Minister and the register tonnage of the ship shall be altered accordingly."

Repeal.

4. Section 112 of the said Act is repealed.

4. Section 112 reads as follows:

"**112.** Whenever the property in a ship or vessel so required to be licensed passes wholly into new hands, the master or the new owner or managing owner, or one of the new managing owners, if there are more than one, shall, within one month after such change of ownership as aforesaid, take out a new licence at some port or place in Canada, and, upon receiving the same, shall deliver up the former licence, if in his possession, to the chief officer of Customs at such port or place."

This section is no longer required in view of the regulations made under section 109.

5. Section 113 of the said Act is repealed and the following substituted therefor:

Return of vessels licensed.

"**113.** Every officer of Customs authorized by this Part to license ships and vessels shall make and forward to the Minister returns in such form and containing such particulars as the Minister directs of ships and vessels licensed by him."

6. Subsection (2) of section 115 of the said Act is repealed and the following substituted therefor:

Sufficient engineers for watch periods.

"(2) Notwithstanding subsection (1), every steamship to which this section applies shall be provided with such number of engineers, duly certificated, as will ensure reasonable periods of watch, having due regard to the length of any voyage, and other related circumstances, and any such additional engineer may be a fourth class engineer, duly certificated, except that

(a) if the steamship is principally employed in fishing, not carrying passengers, and the propelling machinery is internal combustion engines of not more than thirty nominal horse-power but more than fifteen nominal horse-power, any such additional engineer may be an engineer holding a certificate as a watchkeeping engineer of a motor-driven fishing vessel; and

(b) if the steamship is principally employed in fishing, not carrying passengers, and the propelling machinery is internal combustion engines of not more than fifteen nominal horse-power, any such additional engineer need not be certificated."

7. (1) Paragraph *(b)* of subsection (4) of section 116 of the said Act is repealed and the following substituted therefor

"*(b)* steamship of under three hundred and fifty tons gross tonnage;"

(2) Section 116 of the said Act is further amended by adding thereto the following subsection:

Prior certificates

"(7) A certificate for a steamship of under one hundred and fifty tons gross tonnage in force at the date of the coming into force of this subsection shall be deemed to be the equivalent of a certificate described in paragraph *(b)* of subsection (4), and the holder is entitled upon the surrender thereof to be granted a certificate as described in that paragraph."

8. Section 118 of the said Act is amended by striking out the word "and" at the end of paragraph *(d)* thereof, by inserting the word "and" at the end of paragraph *(e)* thereof, and by adding thereto the following paragraph:

"*(f)* a watchkeeping engineer of a motor-driven fishing vessel."

5. Section 113 reads as follows:

"**113.** Every officer of Customs authorized by this Part to license ships and vessels, shall, *on or before the 1st day of February in each year*, make and forward to the Minister a return in such form, and containing such particulars as the Minister, *from time to time*, directs, of all ships and vessels licensed by him *during the year ending on the 31st day of December then past.*"

Annual returns are no longer required, reports now being sent to the Minister otherwise than annually.

6. The present subsection (2) reads as follows:

"(2) Notwithstanding anything hereinbefore contained, every steamship to which this section applies shall be provided with such number of engineers, duly certificated, as will ensure reasonable periods of watch, having due regard to the length of any voyage, and other related circumstances, and any such additional engineer may be a fourth class engineer, duly certificated."

The purpose of the amendment is to relax the present requirements as regards certain fishing vessels.

7.(1) The present paragraph *(b)* reads as follows:

"*(b)* steamship of under *one hundred and fifty* tons gross tonnage;"

(2) New. This provision is self-explanatory.

8. This amendment is consequential to the amendments in clause 7.

Masters of home-trade, inland waters or minor waters vessels.

9. Section 119 of the said Act is repealed and the following substituted therefor:

"**119.** (1) Every British subject who

(a) served as a master of a home-trade, inland waters or minor waters vessel of over ten tons, gross tonnage, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service,

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and

(c) passes the prescribed examination

is entitled, on payment of the prescribed fee, and according to the waters served in, to either a home-trade, inland waters or minor waters certificate of service as master of a steamship not exceeding three hundred and fifty tons, gross tonnage, and not carrying passengers; such certificate is not valid on tugs.

Prior certificates.

(2) A certificate of service as master of a steamship not exceeding one hundred and fifty tons gross tonnage in force at the date of the coming into force of this subsection shall for the waters mentioned therein be deemed to be the equivalent of a certificate described in subsection (1) for those waters, and the holder is entitled upon surrender thereof to be granted a certificate under subsection (1) for those waters."

10. Paragraph *(a)* of subsection (1) of section 125 of the said Act is repealed and the following substituted therefor:

"*(a)* a vessel that is

(i) a passenger steamship certified to carry not more than forty passengers, or

(ii) a steamship other than a passenger steamship of not more than forty tons gross tonnage and employed in home-trade, inland or minor waters voyages, within the limits specified by the Minister, or".

11. Section 128 of the said Act is repealed and the following substituted therefor:

Temporary engineers.

"**128.** The Minister, upon the report of a steamship inspector, may grant a temporary certificate to any person sufficiently qualified in the opinion of the inspector to act as engineer in a steamship carrying passengers and propelled by an internal combustion engine of not more than four nominal horse power, or in the case of a steamship making

9. The present section 119 reads as follows:

"**119.** Every British subject who

(a) served as a master of a home-trade, inland waters or minor waters *sailing ship* of over ten tons, gross tonnage, fitted with mechanical means of propulsion other than steam engines, before the 1st day of January, 1948, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service,

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and

(c) passes the prescribed examination

is entitled, on payment of the prescribed fee, and according to the waters served in, to either a home-trade, inland waters or minor waters certificate of service as master of a steamship of over ten tons, gross tonnage, and not exceeding *one hundred and fifty* tons, gross tonnage, and not carrying passengers; such certificate is not valid on tugs."

The purpose of the amendment is to apply the section to all vessels up to 350 tons gross tonnage.

10. There is no change from the present provision. In the last printing of the statutes the concluding words were erroneously included within subparagraph (ii).

11. The present section 128 reads as follows:

"**128.** The Minister, upon the report of a steamship inspector, may grant a temporary certificate to any person sufficiently qualified in the opinion of such inspector to act as engineer in a steamship carrying passengers and having an engine of not more than four nominal horse power, *or, if the engine is of the compound type, of not more than fourteen nominal horse power*, and such certificate is valid only in respect of the steamship named therein whilst employed within the limits specified in the certificate, and for a period not exceeding one year from the date of issue."

Experience has shown that the limit of four nominal horse power is too low in the case of ships making home-trade voyages Class IV, or minor waters voyages Class II.

home-trade voyages, Class IV, or minor waters voyages, Class II, propelled by an internal combustion engine of not more than six nominal horse power, and such certificate is valid only in respect of the steamship named therein while employed within the limits specified in the certificate, and for a period not exceeding one year from the date of issue."

12. Paragraphs *(n)* and *(o)* of section 329 of the said Act are repealed and the following substituted therefor:

Limit period of licence.

"*(n)* limit the period during which any licence to a pilot shall be in force;

Renewal.

(o) renew for a further limited term any licence issued for a limited period pursuant to paragraph *(n)*; and".

13. The heading immediately preceding section 353 of the said Act is repealed and the following substituted therefor:

"*Rights and Liabilities of Pilots.*"

14. (1) Paragraph *(a)* of subsection (1) of section 354 of the said Act is repealed and the following substituted therefor:

"*(a)* when the pilotage authority of the district has indicated to the master of the ship that a licensed pilot is not available; and".

(2) Subsection (3) of section 354 of the said Act is repealed and the following substituted therefor:

Prohibitions.

"(3) Except as provided in subsection (1)

(a) a person other than a licensed pilot shall not act as pilot of a ship; and

(b) a master of a ship shall not employ as a pilot any person who is not a licensed pilot."

15. Section 356 of the said Act is repealed and the following substituted therefor:

Penalty.

"**356.** Every person who violates subsection (3) of section 354 is liable to a fine not exceeding one hundred dollars or to imprisonment for a term not exceeding one month."

16. Section 357 of the said Act is repealed and the following substituted therefor:

Payment of dues for ship moved without pilot.

"**357.** (1) Where, in a pilotage district in which the payment of pilotage dues is compulsory, the master of a ship that is not an exempted ship removes such ship or causes such ship to be removed from one place to another within any pilotage district, without the assistance of a

12. Paragraphs *(n)* and *(o)* read as follows:

"*(n)* limit the period during which any licence to a pilot shall be in force *to a term not less than two years from its date;*

(o) renew for a further limited term, *not less than two years*, any licence issued for a limited period pursuant to paragraph *(n)*; and"

The purpose of the amendment is to delete the limitation of two years.

14. (1) The present subsection (1) reads as follows:

"**354.** (1) Any person may, within any pilotage district for which he is not a licensed pilot, without subjecting himself or his employer to any penalty, pilot a ship,

(a) when no licensed pilot for such district has offered to pilot such ship, or made a signal for that purpose, although the master of the ship has displayed and continued to display the signal for a pilot in this Part provided, whilst within the limits prescribed for that purpose, and

(b) when a ship is in distress, or under circumstances making it necessary for the master to avail himself of the best assistance which can be found at the time."

The purpose of the amendment is to bring the provision into line with current practices.

(2) This is new and is intended to provide a penalty for employing an unlicensed pilot otherwise than as permitted in subsection (1) of section 354 quoted above.

15. The present section 356 reads as follows:

"**356.** Every unlicensed pilot who continues in the charge of a ship in any district after a licensed pilot has offered, by showing his proper signal and exhibiting his licence, to take charge of her, is liable to a fine not exceeding one hundred dollars and, in default of payment, to imprisonment for one month."

This amendment is consequential upon the addition of the proposed new subsection (3) to section 354.

16. The present section reads as follows:

"**357.** (1) Where any master of a ship that is not an exempted ship removes such ship or causes such ship to be removed from one place to another within any pilotage district, without the assistance of a licensed pilot for such district, he shall pay to the pilotage authority the same pilotage dues as he would have been liable to pay if he had obtained the assistance of one of such licensed pilots.

(2) This provision does not apply to the master of any ship actually proceeding to or coming from Montreal or elsewhere above the harbour of Quebec, in charge of a licensed pilot for the pilotage district of Montreal."

licensed pilot for such district, he shall pay to the pilotage authority the same pilotage dues as he would have been liable to pay if he had obtained the assistance of one of such licensed pilots.

Exception.

(2) Subsection (1) does not apply to the master of a ship that is moved from one berth to another solely by means of her mooring lines unless the pilotage authority otherwise provides by by-law."

Repeal.

17. The heading immediately preceding section 358 of the said Act is repealed.

18. Section 477 of the said Act is amended by adding thereto the following subsections:

Barge, etc., used to carry crew making voyages over 15 miles from land.

"(3) Where any barge, scow or like vessel carries a crew but not passengers, and is towed by a steamship and is not moved by sails or oars, such barge, scow or like vessel, if making a voyage more than fifteen miles from land, is subject to inspection and to the regulations made under this Part in respect of hulls and equipment, life saving equipment, fire extinguishing equipment, boilers and compressed air tanks, in like manner and under the same conditions as a steamship; such vessels are required to have a certificate of inspection, in a form approved by the Minister, and are subject to all the provisions of this Part in respect of the payment of fees, detention and penalties.

Voyages not over 15 miles from land.

(4) Where any barge, scow or like vessel carries a crew but not passengers, and is towed by a steamship or is operated on a cable and is not moved by sails or oars, such barge, scow or like vessel, if making voyages not more than fifteen miles from land, is subject to inspection of boilers and compressed air tanks and to the regulations made under this Part concerning life saving equipment, fire extinguishing equipment, boilers and compressed air tanks, in like manner and under the same conditions as a steamship; where inspection of boilers or compressed air tanks is required the vessel is required to have a certificate of inspection, in a form approved by the Minister, and is subject to all the provisions of this Part in respect of payment of fees, detention and penalties."

19. Section 478 of the said Act is repealed and the following substituted therefor:

Boilers on dredges, etc., subject to inspection.

"**478.** (1) Where any dredge, rock drill, floating elevator, floating pile driver, or like ship or vessel, which is not self-propelling, has a boiler or compressed air tank fitted for power purposes, such boiler or compressed air tank

Subsection (1) is applicable only to pilotage districts in which the payment of pilotage dues is compulsory.

The present subsection (2) no longer has any application. The proposed new subsection (2) is intended to ensure that pilotage dues are not ordinarily payable where a vessel is moved from one berth to another, solely by means of her mooring lines without the use of a pilot.

18. These provisions are new. The purpose of the amendment is to make applicable to towed barges carrying crews, but no passengers, additional safety regulations.

19. Section 478 now reads as follows:

"478. Where any dredge, rock drill, floating elevator, floating pile driver, or like ship or vessel, which is not self-propelling, has a boiler fitted for power purposes, the boiler is subject to inspection in like manner and under the same conditions as the boiler in a steamship, and such dredge or other such vessel shall carry life saving equipment in accordance with regulations *in respect thereof which the Governor in Council may make; such vessels are* required to have certificates of inspection, in a form approved by the Minister and are subject to all the provisions of this Part in respect of the payment of fees, detention and penalties."

The purpose of the amendment is to provide for the inspection of compressed air tanks where diesel power is used and for carrying fire extinguishing equipment.

is subject to inspection in a like manner and under the same conditions as a boiler or compressed air tank in a steamship; and any dredge, rock drill, floating pile driver or like ship or vessel shall carry life saving and fire extinguishing equipment in accordance with regulations made under this Part; every such vessel is required to have a certificate of inspection, in a form approved by the Minister, and is subject to all the provisions of this Part in respect to payment of fees, detention and penalties.

Carrying crew and being towed.

(2) Where any dredge, rock drill, floating elevator, floating pile driver, or like ship or vessel carries a crew and is towed by a steamship it is, if making a voyage of more than fifteen miles from land, subject to the provisions of subsection (3) of section 477."

Repeal.

20. Section 479 of the said Act is repealed.

1952-53, c. 20, s. 10.

21. Section 481 of the said Act is repealed and the following substituted therefor:

Steamships not over 5 tons, pleasure yachts.

"**481.** Steamships not in excess of five tons gross tonnage, and pleasure yachts propelled by mechanical power but not fitted with boilers for propelling purposes, are exempt from annual inspection and from the regulations made under this Part except those respecting life saving equipment, fire extinguishing equipment, and precautions against fire."

22. Subsections (1) and (2) of section 482 of the said Act are repealed and the following substituted therefor:

Exemption.

"**482.** (1) Subject to the provisions of subsection (2) steamships in excess of five tons, gross tonnage, and not in excess of one hundred and fifty tons, gross tonnage, which are not passenger steamships, are exempt from the provisions of this Part relating to annual inspection and in lieu therefor shall be inspected every fourth year, and such steamships, if propelled by steam, are in addition to such inspection every fourth year subject to inspection of their boilers, life saving equipment and fire extinguishing equipment annually, in like manner and as if they were steamships in excess of one hundred and fifty tons, gross tonnage.

Idem.

(2) Steamships not in excess of fifteen tons, gross tonnage, which are not passenger steamships, are exempt from inspection except that such steamships, if propelled by steam, are subject to inspection of their boilers, life saving equipment and fire extinguishing equipment as provided for in subsection (1)."

20. The present section 479 reads as follows:

"**479.** Where any vessel has a boiler fitted for any purposes other than propelling purposes, the boiler is subject to inspection in accordance with regulations made by the Governor in Council, and the vessel is required to have a certificate of inspection in respect thereof in a form approved by the Minister."

The inspection of boilers other than those fitted for propelling purposes will be provided for in the proposed amendments to section 477 and 478.

21. Section 481 now reads as follows:

"**481.** Steamships not in excess of five tons gross tonnage, pleasure yachts propelled by mechanical power but not fitted with boilers for propelling purposes, and tow barges that carry a crew but not passengers, are exempt from annual inspection, and from the regulations the Governor in Council may make under the provisions of section 410 except as concerns life saving equipment, fire extinguishing equipment and precautions against fire, and inspection of boilers as required by section 479."

The amendment would delete reference to towed barges because these will be dealt with in the proposed new sections 477 and 478.

22. Subsections (1) and (2) of section 482 now read as follows:

"**482.** (1) Subject to the provisions of subsection (2), steamships in excess of five tons, gross tonnage, and not in excess of one hundred and fifty tons, gross tonnage, which are not passenger steamships, are exempt from the provisions of this Part relating to annual inspection, and in lieu thereof shall be inspected every fourth year; and such steamships, if propelled by steam, are, in addition to such inspection every fourth year, subject to inspection of their boilers and life saving equipment annually in like manner and as if they were steamships in excess of one hundred and fifty tons gross tonnage.

(2) Steamships not in excess of fifteen tons, gross tonnage, which are not passenger steamships, are exempt from inspection, except that such steamships, if propelled by steam, are subject to inspection of their boilers and life saving equipment as provided for in subsection (1)."

The purpose of the amendment is to provide for the annual inspection of fire extinguishing equipment.

23. Section 493 of the said Act is repealed and the following substituted therefor:

Penalty.

"**493.** Except where otherwise specially provided in this Part, the owner or master of any Canadian ship is liable to a fine not exceeding one hundred dollars for any violation of any provision of this Part or any regulation made thereunder."

24. Subsection (3) of section 494 of the said Act is repealed and the following substituted therefor:

Certain products not considered cargo.

"(3) Fish and the products of whaling trips and sealing trips shall not, for the purposes of this Part, be considered cargo of steamships employed in fishing, whaling or sealing."

25. The said Act is further amended by adding thereto, immediately after Part VII thereof, the following Part:

"PART VIIA

OIL POLLUTION.

Regulations.

495A. The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule, is approved, and the Governor in Council may make regulations

(a) to carry out and give effect to the provisions of the Convention while in force in respect of Canada, such regulations to conform in all respects to the said provisions;

(b) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada; and

(c) prescribing a fine not exceeding five hundred dollars or imprisonment not exceeding six months or both fine and imprisonment to be imposed upon summary conviction as a penalty for violation of a regulation made under this section."

26. Subsection (4) of section 558 of the said Act is repealed and the following substituted therefor:

Exemption.

"(4) Subsection (3) does not apply in the case of a shipping casualty that occurs on or near the coast of Canada or in respect of a ship wholly engaged in the coasting trade of Canada."

23. Section 493 reads as follows:

"**493.** Except where otherwise specially provided in this Part, the owner or master of any Canadian ship is liable to a fine not exceeding one hundred dollars *and not less than fifty dollars* for any violation of any provision of this Part or regulation made thereunder."

The purpose of the amendment is to eliminate the minimum penalty.

24. The present subsection reads as follows:

"(3) Fish and the products of whaling trips shall not, for the purposes of this Part, be considered cargo of steamships employed in fishing or whaling."

The purpose of the amendment is to exclude from cargo the products of sealing trips.

25. This Part is new and provides for the implementation of the International Convention for the Prevention of Pollution of the Sea by Oil, and also enables the Governor in Council to make regulations to prevent such pollution in Canadian waters.

26. The present subsection (4) reads as follows:

"(4) *This section* does not apply in the case of a shipping casualty that occurs on or near the coast of Canada or occurs in respect of a ship wholly engaged in the coasting trade of Canada."

The subsection should refer only to subsection (3) and not to the whole section.

27. Subsections (4) and (5) of section 645 of the said Act are repealed and the following substituted therefor:

Regulations.

"(4) The Governor in Council may by order or regulation provide

(a) for the government and regulation of any part or parts of the inland, minor or other waters of Canada,

(b) for the licensing of operators of vessels on such waters, and

(c) for the enforcement of any such order or regulation.

(5) Any rule, regulation or order made under this section may provide for a fine not exceeding five hundred dollars for contravention of or non-compliance with any provision thereof."

28. Section 719 of the said Act is amended by adding thereto the following subsection:

"(3) A reference in this section to any part of Her Majesty's dominions other than Canada shall be construed as including a reference to the United Kingdom."

29. The said Act is further amended by adding thereto the following Schedule:

"FOURTEENTH SCHEDULE.

THE INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION OF THE SEA BY OIL, 1954.

27. The present subsections (4) and (5) read as follows:

"(4) The Governor in Council may by order or regulation provide for the government and regulation of any part or parts of the minor waters of Canada defined or described therein and may provide for the enforcement of such order or regulation.

(5) Any rule, regulation or order so made may provide for a fine not exceeding five hundred dollars for contravention of or non-compliance with any provision thereof, and, in case any such provision is made, it has effect as if in and by this Act enacted."

The purpose of the amendment is to cover other waters of Canada and to provide for the licensing of operators of vessels on such waters.

28. Section 719 provides for reciprocal services relating to British ships, but the reference to "Her Majesty's dominions other than Canada" apparently does not include the United Kingdom itself, and the purpose of the amendment is to make sure it does.

29. This clause would add the Convention referred to in clause 26 as a Schedule to the Act.

The International Convention for the Prevention of Pollution of the Sea by Oil, 1954.

London, May 12, 1954.

The Governments represented at the International Conference on Pollution of the Sea by Oil held in London from 26th April, 1954, to 12th May, 1954.

Desiring to take action by common agreement to prevent pollution of the sea by oil discharged from ships, and considering that this end may best be achieved by the conclusion of a Convention,

Have accordingly appointed the undersigned plenipotentiaries, who, having communicated their full powers, found in good and due form, have agreed as follows:—

Article I.

(1) For the purposes of the present Convention, the following expressions shall (unless the context otherwise requires) have the meanings hereby respectively assigned to them, that is to say:—

"The Bureau" has the meaning assigned to it by Article XXI;

"Discharge" in relation to oil or to an oily mixture means any discharge or escape howsoever caused;

"Heavy diesel oil" means marine diesel oil, other than those distillates of which more than 50 per cent. by volume distils at a temperature not exceeding 340°C. when tested by A.S.T.M. Standard Method D.158/53;

"Mile" means a nautical mile of 6080 feet or 1852 metres;

"Oil" means crude oil, fuel oil, heavy diesel oil and lubricating oil, and "oily" shall be construed accordingly.

(2) For the purposes of the present Convention the territories of a Contracting Government mean the territory of the country of which it is the Government and any other territory for the international relations of which the Government is responsible and to which the Convention shall have been extended under Article XVIII.

Article II.

The present Convention shall apply to sea-going ships, registered in any of the territories of a Contracting Government, except

(i) ships for the time being used as naval auxiliaries;

(ii) ships of under 500 tons gross tonnage;

(iii) ships for the time being engaged in the whaling industry;

(iv) ships for the time being navigating the Great Lakes of North America and their connecting and tributary waters as far east as the lower exit of the Lachine Canal at Montreal in the Province of Quebec, Canada.

ARTICLE III.

(1) Subject to the provisions of Articles IV and V, the discharge from any tanker, being a ship to which the Convention applies, within any of the prohibited zones referred to in Annex A to the Convention in relation to tankers of—

(a) oil;

(b) an oily mixture the oil in which fouls the surface of the sea, shall be prohibited.

For the purposes of this paragraph the oil in an oily mixture of less than 100 parts of oil in 1,000,000 parts of the mixture shall not be deemed to foul the surface of the sea.

(2) Subject to the provisions of Articles IV and V, any discharge into the sea from a ship, being a ship to which the Convention applies and not being a tanker, of oily ballast water or tank washings shall be made as far as practicable from land. As from a date three years after the date on which the Convention comes into force, paragraph (1) of this Article shall apply to ships other than tankers as it applies to tankers, except that:—

(a) the prohibited zones in relation to ships other than tankers shall be those referred to as such in Annex A to the Convention; and

(b) the discharge of oil or of an oily mixture from such a ship shall not be prohibited when the ship is proceeding to a port not provided with such reception facilities as are referred to in Article VIII.

(3) Any contravention of paragraphs (1) and (2) of this Article shall be an offence punishable under the laws of the territory in which the ship is registered.

ARTICLE IV.

(1) Article III shall not apply to:—

(a) the discharge of oil or of an oily mixture from a ship for the purpose of securing the safety of the ship, preventing damage to the ship or cargo, or saving life at sea; or

(b) the escape of oil, or of an oily mixture, resulting from damage to the ship or unavoidable leakage, if all reasonable precautions have been taken after the occurrence of the damage or discovery of the leakage for the purpose of preventing or minimising the escape;

(c) the discharge of sediment:—

(i) which cannot be pumped from the cargo tanks of tankers by reason of its solidity; or

(ii) which is residue arising from the purification or clarification of oil fuel or lubricating oil,

provided that such discharge is made as far from land as is practicable.

(2) In the event of such discharge or escape as is referred to in this Article a statement shall be made in the oil record book required by Article IX of the circumstances of and reason for the discharge.

ARTICLE V.

Article III shall not apply to the discharge from the bilges of a ship:—

(a) of any oily mixture during the period of twelve months following the date on which the Convention comes into force in respect of the territory in which the ship is registered;

(b) after the expiration of such period, of any oily mixture containing no oil other than lubricating oil.

ARTICLE VI.

The penalties which may be imposed in pursuance of Article III under the law of any of the territories of a Contracting Government in respect of the unlawful discharge from a ship of oil or of an oily mixture into waters outside the territorial waters of that territory shall not be less than the penalties which may be imposed under the law of that territory in respect of the unlawful discharge of oil or of an oily mixture from a ship into such territorial waters.

ARTICLE VII.

As from a date twelve months after the present Convention comes into force in respect of any of the territories of a Contracting Government all ships registered in that territory shall be required to be so fitted as to prevent the escape of fuel oil or heavy diesel oil into bilges the contents of which are discharged into the sea without being passed through an oily-water separator.

ARTICLE VIII.

As from a date three years after the present Convention comes into force in respect of any of the territories of a Contracting Government, that Government shall ensure the provision in each main port in that territory of facilities adequate for the reception, without causing undue delay to ships, of such residues from oily ballast water and tank washings as would remain for disposal by ships, other than tankers, using the port, if the w r had been separated by the use of an oily-water separator, a sett in tank or otherwise. Each Contracting Government shall from time to time determine which ports are the main ports in its territories for the purposes of this Article, and shall notify the Bureau in writing accordingly indicating whether adequate reception facilities have been installed.

ARTICLE IX.

(1) There shall be carried in every ship to which the Convention applies an oil record book (whether as part of the ship's official log-book or otherwise) in the form specified in Annex B to the present Convention. The appropriate entries shall be made in that book, and each page of the book, including any statement under paragraph (2) of Article IV, shall be signed by the officer or officers in charge of the operations concerned and by the master of the ship. The written entries in the oil record book shall be in an official language of the territory in which the ship is registered, or in English or French.

(2) The competent authorities of any of the territories of a Contracting Government may inspect on board any such ship while within a port in that territory the oil record book required to be carried in the ship in compliance with the provisions of the Convention, and may make a true copy of any entry in that book and may require the master of the ship to certify that the copy is a true copy of such entry. Any copy so made which purports to have been certified by the master of the ship as a true copy of an entry in the ship's oil record book shall be made admissible in any judicial proceedings as evidence of the facts stated in the entry. Any action by the competent authorities under this paragraph shall be taken as expeditiously as possible and the ship shall not be delayed.

ARTICLE X.

(1) Any Contracting Government may furnish to the Contracting Government in the territory of which a ship is registered particulars in writing of evidence that any provision of the Convention has been contravened in respect of that ship, wheresoever the alleged contravention may have taken place. If it is practicable to do so, the competent authorities of the former Government shall notify the master of the ship of the alleged contravention.

(2) Upon receiving such particulars the latter Government shall investigate the matter, and may request the former Government to furnish further or better particulars of the alleged contravention. If the Government in the territory of which the ship is registered is satisfied that sufficient evidence is available in the form required by law to enable proceedings against the owner or master of the ship to be taken in respect of the alleged contravention, it shall cause such proceedings to be taken as soon as possible, and shall inform the other Contracting Government and the Bureau of the result of such proceedings.

ARTICLE XI.

Nothing in the present Convention shall be construed as derogating from the powers of any Contracting Government to take measures within its jurisdiction in respect of any matter to which the Convention relates or as extending the jurisdiction of any Contracting Government.

ARTICLE XII.

Each Contracting Government shall send to the Bureau and to the appropriate organ of the United Nations:—

(a) the text of laws, decrees, orders and regulations in force in its territories which give effect to the present Convention;

(b) all official reports or summaries of official reports in so far as they show the results of the application of the provisions of the Convention, provided always that such reports or summaries are not, in the opinion of that Government, of a confidential nature.

ARTICLE XIII.

Any dispute between Contracting Governments relating to the interpretation or application of the present Convention which cannot be settled by negotiation shall be referred at the request of either party to the International Court of Justice for decision unless the parties in dispute agree to submit it to arbitration.

ARTICLE XIV.

(1) The present Convention shall remain open for signature for three months from this day's date and shall thereafter remain open for acceptance.

(2) Governments may become parties to the Convention by—

(i) signature without reservation as to acceptance;

(ii) signature subject to acceptance followed by acceptance; or

(iii) acceptance.

(3) Acceptance shall be effected by the deposit of an instrument of acceptance with the Bureau, which shall inform all Governments that have already signed or accepted the Convention of each signature and deposit of an acceptance and of the date of such signature or deposit.

ARTICLE XV.

(1) The present Convention shall come into force twelve months after the date on which not less than ten Governments have become parties to the Convention, including five Governments of countries each with not less than 500,000 gross tons of tanker tonnage.

(2)–*(a)* For each Government which signs the Convention without reservation as to acceptance or accepts the Convention before the date on which the Convention comes into force in accordance with paragraph (1) of this Article it shall come into force on that date. For each Government which accepts the Convention on or after that date, it shall come into force three months after the date of the deposit of that Government's acceptance.

(b) The Bureau shall, as soon as possible, inform all Governments which have signed or accepted the Convention of the date on which it will come into force.

ARTICLE XVI.

(1) Upon the request of any Contracting Government a proposed amendment of the present Convention shall be communicated by the Bureau to all Contracting Governments for consideration.

(2) Any amendment communicated to Contracting Governments for consideration under paragraph (1) of this Article shall be deemed to have been accepted by all Contracting Governments and shall come into force on the expiration of a period of six months after it has been so communicated, unless any one of the Contracting Governments shall have made a declaration not less than two months before the expiration of that period that it does not accept the amendment.

(3)–*(a)* A conference of Contracting Governments to consider amendments of the Convention proposed by any Contracting Government shall be convened by the Bureau upon the request of one-third of the Contracting Governments.

(b) Every amendment adopted by such a conference by a two-thirds majority vote of the Contracting Governments represented shall be communicated by the Bureau to all Contracting Governments for their acceptance.

(4) Any amendment communicated to Contracting Governments for their acceptance under paragraph (3) of this Article shall come into force for all Contracting Governments, except those which before it comes into force make a declaration that they do not accept the amendment, twelve months after the date on which the amendment is accepted by two-thirds of the Contracting Governments.

(5) Any declaration under this Article shall be made by a notification in writing to the Bureau which shall notify all Contracting Governments of the receipt of the declaration.

(6) The Bureau shall inform all signatory and Contracting Governments of any amendments which come into force under this Article, together with the date on which such amendments shall come into force.

ARTICLE XVII.

(1) The present Convention may be denounced by any Contracting Government at any time after the expiration of a period of five years from the date on which the Convention comes into force for that Government.

(2) Denunciation shall be effected by a notification in writing addressed to the Bureau, which shall notify all the Contracting Governments of any denunciation received and of the date of its receipt.

(3) A denunciation shall take effect twelve months, or such longer period as may be specified in the notification, after its receipt by the Bureau.

ARTICLE XVIII.

(1)-*(a)* Any Government may, at the time of signature or acceptance of the present Convention, or at any time thereafter, declare by notification in writing given to the Bureau that the Convention shall extend to any of the territories for whose international relations it is responsible.

(b) The Convention shall, from the date of the receipt of the notification, or from such other date as may be specified in the notification, extend to the territories named therein.

(2)-*(a)* Any Contracting Government which has made a declaration under paragraph (1) of this Article may, at any time after the expiration of a period of five years from the date on which the Convention has been so extended to any territory, give notification in writing to the Bureau, declaring that the Convention shall cease to extend to any such territory named in the notification.

(b) The Convention shall cease to extend to any territory mentioned in such notification twelve months, or such longer period as may be specified therein, after the date of receipt of the notification by the Bureau.

(3) The Bureau shall inform all Contracting Governments of the extension of the Convention to any territories under paragraph (1) of this Article, and of the termination of any such extension under paragraph (2) of this Article, stating in each case the date from which the Convention has been, or will cease to be, so extended.

ARTICLE XIX.

(1) In case of war or other hostilities, a Contracting Government which considers that it is affected, whether as a belligerent or as a neutral, may suspend the operation of the whole or any part of the present Convention in respect of all or any of its territories. The suspending Government shall immediately give notice of any such suspension to the Bureau.

(2) The suspending Government may at any time terminate such suspension and shall in any event terminate it as soon as it ceases to be justified under paragraph (1) of this Article. Notice of such termination shall be given immediately to the Bureau by the Government concerned.

(3) The Bureau shall notify all Contracting Governments of any suspension or termination of suspension under this Article.

ARTICLE XX.

As soon as the present Convention comes into force it shall be registered by the Bureau with the Secretary-General of the United Nations.

ARTICLE XXI.

The duties of the Bureau shall be carried out by the Government of the United Kingdom of Great Britain and Northern Ireland unless and until the Inter-Governmental Maritime Consultative Organisation comes into being and takes over the duties assigned to it under the Convention signed at Geneva on the 6th day of March, 1948, and thereafter the duties of the Bureau shall be carried out by the said Organisation.

*In witness whereof the undersigned plenipotentiaries have signed the present Convention.

Done in London this twelfth day of May, 1954, in English and French, both texts being equally authoritative, in a single copy, which shall be deposited with the Bureau and of which the Bureau shall transmit certified copies to all signatory and Contracting Governments.

For the Government of Australia:

For the Government of Belgium:
M. A. VAN BOECKEL.
(Subject to acceptance.)

For the Government of Brazil:

For the Government of Canada:
ALAN CUMYN.
(Subject to ratification.)

For the Government of Ceylon:

For the Government of Chile:

For the Government of Denmark:
MOGENS BLACH.
(Subject to acceptance.)

For the Government of Finland:
S. SUNDMAN.
(Subject to acceptance.)

For the Government of France:

For the Government of the Federal Republic of Germany:
KARL SCHUBERT.
(Subject to acceptance.)

* In accorcance with Article XIV the Convention remains open for signature for three months from 12th May, 1954. The signatures shown are those which have been appended up to 1st July, 1954.

For the Government of Greece:
M. SAKARIS.
KOSTAS LYRAS.
(Subject to acceptance.)

For the Government of India:

For the Government of Ireland:

For the Government of Israel:

For the Government of Italy:
GIULIO INGIANNI.
(Subject to acceptance.)

For the Government of Japan:

For the Government of Liberia:
GEORGE B. STEVENSON.
S. EDWARD PEAL.
(Subject to acceptance or ratification by the President with the advice and consent of the Liberian Senate.)

For the Government of Mexico:

For the Government of the Netherlands:

For the Government of New Zealand:

For the Government of Nicaragua:

For the Government of Norway:
SIGURD STORHAUG.
(Subject to acceptance.)

For the Government of Panama:

For the Government of Poland:

For the Government of Portugal:

For the Government of Spain:

For the Government of Sweden:
G. BÖÖS.
(Subject to acceptance.)

For the Government of the Union of Soviet Socialist Republics:

For the Government of the United Kingdom of Great Britain and Northern Ireland:

GILMOUR JENKINS.
PERCY FAULKNER.
(Subject to acceptance.)

For the Government of the United States of America:

For the Government of Venezuela:

For the Government of Yugoslavia:

PREDRAG NIKOLIĆ.
(Subject to acceptance.)

ANNEX A.

Prohibited Zones.

(1) Subject to paragraph (3) of this Annex, the prohibited zones in relation to tankers shall be all sea areas within 50 miles from land, with the following exceptions:—

(a) The Adriatic Zones.

Within the Adriatic Sea the prohibited zones off the coast of Italy and Yugoslavia respectively shall each extend for a distance of 30 miles from land, excepting only the island of Vis. When the present Convention has been in force for a period of three years the said zones shall each be extended by a further 20 miles in width unless the two Governments agree to postpone such extension. In the event of such an agreement the said Governments shall notify the Bureau accordingly not less than three months before the expiration of such period of three years and the Bureau shall notify all Contracting Governments of such agreement.

(b) The North Sea Zone.

The North Sea Zone shall extend for a distance of 100 miles from the coasts of the following countries:—

Belgium,
Denmark,
the Federal Republic of Germany,
the Netherlands,
the United Kingdom of Great Britain and Northern Ireland,

but not beyond the point where the limit of a 100-mile zone off the west coast of Jutland intersects the limit of the 50-mile zone off the coast of Norway.

(c) The Atlantic Zone.

The Atlantic Zone shall be within a line drawn from a point on the Greenwich meridian 100 miles in a north-north-easterly direction from the Shetland Islands; thence northwards along the Greenwich meridian to latitude 64° north; then westwards along the 64th parallel to longitude 10° west; thence to latitude 60° north, longitude 14° west; thence to latitude 54° 30′ north, longitude 30° west; thence to latitude 44° 20′ north, longitude 30° west; thence to latitude 48° north, longitude 14° west; thence eastwards along the 48th parallel to a point of intersection with the 50-mile zone off the coast of France. Provided that in relation to voyages which do not extend seawards beyond the Atlantic Zone as defined above, and which are to ports not provided with adequate facilities for the reception of oily residue, the Atlantic Zone shall be deemed to terminate at a distance of 100 miles from land.

(d) The Australian Zone.

The Australian Zone shall extend for a distance of 150 miles from the coasts of Australia, except off the north and west coasts of the Australian mainland between the point opposite Thursday Island and the point on the west coast at 20° south latitude.

(2) Subject to paragraph (3) of this Annex the prohibited zones in relation to ships other than tankers shall be all sea areas within 50 miles from land with the following exceptions:—

(a) The Adriatic Zones.

Within the Adriatic Sea the prohibited zones off the coasts of Italy and Yugoslavia respectively shall each extend for a distance of 20 miles from land, excepting only the island of Vis. After the expiration of a period of three years following the application of prohibited zones to ships other than tankers in accordance with paragraph (2) of Article III the said zones shall each be extended by a further 30 miles in width unless the two Governments agree to postpone such extension. In the event of such an agreement the said Governments shall notify the Bureau accordingly not less than three months before the expiration of such period of three years, and the Bureau shall notify all Contracting Governments of such agreement.

(b) The North Sea and Atlantic Zones.

The North Sea and Atlantic Zones shall extend for a distance of 100 miles from the coasts of the following countries:—

Belgium
Denmark
the Federal Republic of Germany
Ireland
the Netherlands
the United Kingdom of Great Britain and Northern Ireland,

but not beyond the point where the limit of a 100-mile zone off the west coast of Jutland intersects the limit of the 50-mile zone off the coast of Norway.

(3)—*(a)* Any Contracting Government may propose:—

(i) the reduction of any zone off the coast of any of its territories;

(ii) the extension of any such zone to a maximum of 100 miles from any such coast,

by making a declaration to that effect and the reduction or extension shall come into force after the expiration of a period of six months after the declaration has been made, unless any one of the Contracting Governments shall have made a declaration not less than two months before the expiration of that period that its interests are affected either by reason of the proximity of its coasts or by reason of its ships trading in the area, and that it does not accept the reduction or extension, as the case may be.

(b) Any declaration under this paragraph shall be made by a notification in writing to the Bureau which shall notify all Contracting Governments of the receipt of the declaration.

ANNEX B.

Form of Oil Record Book.

I.—For Tankers.

Date of Entry					
(a) Ballasting of and discharge of ballast from cargo tanks					
1. Identity numbers of tank(s)					
2. Type of oil previously contained in tank(s)					
3. Date and place of ballasting					
4. Date and time of discharge of ballast water					
5. Place or position of ship					
6. Approximate amount of oil-contaminated water transferred to slop tank(s)					
7. Identity numbers of slop tank(s)					
(b) Cleaning of cargo tanks					
8. Identity numbers of tank(s) cleaned					
9. Type of oil previously contained in tank(s)					
10. Identity numbers of slop tank(s) to which washings transferred					
11. Dates and times of cleaning					
(c) Settling in slop tank(s) and discharge of water					
12. Identity numbers of slop tank(s)					
13. Period of settling (in hours)					
14. Date and time of discharge of water					
15. Place or position of ship					
16. Approximate quantities of residue					

ANNEX B—Continued

FORM OF OIL RECORD BOOK—*Continued*

I.—FOR TANKERS—*Concluded*

DATE OF ENTRY					
(d) Disposal from ship of oily residues from slop tank(s) and other sources					
17. Date and method of disposal					
18. Place or position of ship					
19. Sources and approximate quantities					

Signature of Officer or Officers
.....in charge of the operations concerned

.....Signature of Master.

II.—FOR SHIPS OTHER THAN TANKERS.

DATE OF ENTRY					
(a) Ballasting, or cleaning during voyage, of bunker fuel tanks					
1. Identity number of tank(s)					
2. Type of oil previously contained in tank(s)					
3. Date and place of ballasting					
4. Date and time of discharge of ballast or washing water					
5. Place or position of ship					
6. Whether separator used: if so, give period of use					
7. Disposal of oily residue retained on board					

ANNEX B—*Concluded*

FORM OF OIL RECORD BOOK—*Concluded*

II.—FOR SHIPS OTHER THAN TANKERS—*Concluded*

(b) Disposal from ship of oily residues from bunker fuel tanks and other sources					
8. Date and method of disposal					
9. Place or position of ship					
10. Sources and approximate quantities					

.....Signature of Officer or Officers in charge of the operations concerned

.....Signature of Master.

III.—FOR ALL SHIPS

DATE OF ENTRY					
Accidental and other exceptional discharges or escapes of oil					
1. Date and time of occurrence					
2. Place or position of ship					
3. Approximate quantity and type of oil					
4. Circumstances of discharge or escape and general remarks					

.....Signature of Officer or Officers in charge of the operations concerned

.....Signature of Master."

MINUTES OF PROCEEDINGS

MONDAY, July 16, 1956.
(1)

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11.30 o'clock a.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Byrne, Campbell, Carter, Cavers, Deschatelets, Gourd (*Chapleau*), Green, Habel, Hahn, Harrison, Herridge, Holowach, Hosking, Howe (*Wellington-Huron*), Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Lavigne, Leboe, Meunier, Nesbitt, Nicholson, Nixon, Purdy and Ross. (28).

In attendance: Mr. J. R. Baldwin, Deputy Minister; Mr. Alan Cumyn, Chief, Steamship Inspection Service and Chairman of the Board of Steamship Inspection; Captain F. S. Slocombe, Chief, Nautical and Pilotage, Marine Services; Mr. G. M. Guthrie, Chief, Registrar of Shipping, Department of Transport.

The Committee commenced clause by clause consideration of Bill No. 349 (H-7 of the Senate), An Act to amend the Canada Shipping Act.

The Clerk of the Committee read a letter addressed to the Chairman from the manager of the Fisheries Council of Canada, dated July 9, 1956, to the effect that the Council was in agreement with the proposed amendment to the Shipping Act.

On motion of Mr. Lafontaine, seconded by Mr. Purdy,

Resolved,—That the Committee print 650 copies in English and 200 in French of its proceedings on Bill No. 349.

Mr. Langlois, Parliamentary Assistant to the Minister of Transport, gave additional information on each clause and was questioned.

Clauses 2 and 3 were allowed to stand.

At 1.05 p.m., the Committee adjourned until 3 o'clock this day.

AFTERNOON SITTING
(2)

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 3 o'clock p.m. Mr. H. B. McCulloch, Chairman, presided.

Members present: Messrs. Barnett, Batten, Byrne, Campbell, Carter, Cavers, Deschatelets, Gourd (*Chapleau*), Green, Habel, Hahn, Healy, Herridge, Hodgson, Holowach, Hosking, Howe (*Wellington-Huron*), Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Lavigne, Leboe, Meunier, Nesbitt, Nicholson, Nixon, Purdy and Ross. (29).

In attendance: Same as listed at the morning sitting.

The Committee resumed consideration, clause by clause, of Bill No. 349, An Act to amend the Shipping Act.

Copies of a complete *set of* application forms for registration, etc., were tabled by Mr. Langlois.

Clauses 3 to 22 inclusive were adopted.

At 6 o'clock the Committee adjourned until Tuesday at 11.30 o'clock a.m.

TUESDAY, July 17, 1956.
(3)

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11.30 o'clock a.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Carter, Cavers, Follwell, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Healy, Herridge, Hosking, Howe (*Wellington-Huron*), James, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Lavigne, McIvor, Meunier, Nesbitt, Nixon, Ross and Small. (26).

In attendance: Same officials as listed at the meeting of Monday, July 16 and Captain W. E. Harrison, Steamship Inspector (Nautical) Department of Transport.

The Committee continued its consideration of Bill No. 349 (H-7 of the Senate), An Act to amend the Shipping Act.

Mr. Langlois, assisted by Mr. Cumyn, gave explanations in respect of each clause, and both were questioned.

Clauses 23 and 24 were adopted.

At 1 o'clock p.m., the Committee, still considering clause 25, was adjourned until 3 o'clock p.m. this day.

AFTERNOON SITTING
(4)

At 3.00 o'clock p.m., the Committee resumed consideration of Bill 349 (H-7 of the Senate), An Act to amend the Shipping Act. The Chairman, Mr. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Carter, Cavers, Deschatelets, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Healy, Herridge, Hodgson, Hosking, Howe (*Wellington-Huron*), Johnston (*Bow River*), Lafontaine, Langlois (*Gaspé*), Lavigne, McIvor, Meunier, Nesbitt, Nixon, Small, and Villeneuve.—(26)

In attendance: From the Department of Transport: Same as listed at the morning sitting, and Mr. W. E. Harrison. *From the Department of Justice,* Mr. E. A. Driedger, Assistant Deputy Minister.

On Clause 25, page 8,

After discussion, Mr. Cavers moved, seconded by Mr. Hosking, that Section 495A of Part VIIA be deleted and the following substituted therefor:

Convention approved.

"495A. (1) The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule, (hereinafter called the Convention), is approved.

(2) The Governor in Council may make regulations

(a) to carry out and give effect to the provisions of the Convention;

(b) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada; and

(c) prescribing a fine not exceeding five hundred dollars or imprisonment not exceeding six months or both fine and imprisonment to be imposed upon summary conviction as a penalty for violation of a regulation made under this section."

The question being put on the amendment, it was resolved in the affirmative.

Clause 25 as amended was adopted.

Clause 26 was adopted.

On clause 27,

After debate thereon and several suggestions being put forward in respect of regulations for small crafts, life-preserving equipment, etc., Clause 27 was adopted.

In the course of the deliberations on this Clause, Mr. Langlois tabled copies of a pamphlet issued by the Department of Transport in English and French, entitled "Safety Afloat (For Owners of Small Boats)" which were distributed forthwith. A sample of a life-preserving jacket with certificates of approval was exhibited.

Clauses 28, 29 and Annex B of the Schedule were adopted.

The Committee reverted to Clause 2, and after further discussion it was adopted, on division.

The Committee also reverted to Clause 9.

After further debate, Mr. Langlois moved, seconded by Mr. Cavers, that Section 119 be deleted and the following substituted therefor:

Certificates of service.

"119. (1) Every British subject who

(a) served as a master of a home-trade, inland waters or minor waters *steamship* of over ten tons, gross tonnage, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service,

(b) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and

(c) passes the prescribed examination is entitled, on payment of the prescribed fee, to a certificate of service as master of a steamship not exceeding three hundred and fifty tons gross tonnage, not carrying passengers and not being a tug, within the limits prescribed by the Minister and specified in the certificate.

Prior certificates.

(2) The holder of a certificate of service as master of a steamship not exceeding one hundred and fifty tons gross tonnage in force at the date of the coming into force of this subsection retains all the rights and privileges he had under that certificate immediately before that date."

The question being put on the amendment, it was resolved in the affirmative.

Clause 9 as amended was adopted.

The Title was adopted.

Throughout the proceedings, Mr. Langlois was assisted by Messrs. Baldwin, Cumyn and Slocombe.

Ordered,—That the Chairman report the Bill with amendments.

The Chairman expressed the appreciation of the Committee to Mr. Langlois and the officials of the Department of Transport.

At 5.40 o'clock p.m. the Committee having concluded consideration of Bill 349, was adjourned to the call of the Chair.

Antonio Plouffe,
Assistant Chief Clerk of Committees.

EVIDENCE

MONDAY,
July 16, 1956,
11.30 A.M.

The CHAIRMAN: Gentlemen, we have a quorum. Bill H7 of the Senate, an act to amend the Canada Shipping Act. The House of Commons number of the bill is 349.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, before we start the clause by clause consideration of this bill, may I suggest that the secretary read a letter which has been received by the chairman, coming from the Fisheries Council of Canada and signed by Mr. Gordon O'Brien. I think this letter will enlighten the committee on the views taken by the Fisheries Council of Canada regarding this Bill having to do with the fishing industry.

THE CLERK OF THE COMMITTEE:

Fisheries Council of Canada

July 9, 1956.

Mr. H. B. McCulloch,
Chairman, Standing Committee
on Railways, Canals and Telegraph Lines,
House of Commons,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. McCulloch:

We have noted that the bill to amend the Canada Shipping Act has been referred to the Standing Committee on Railways, Canals and Telegraph Lines.

When this bill was before the committee of the Senate, the Fisheries Council of Canada appeared on behalf of the commercial fishing industry across Canada.

For your information, I would like to say that the commercial fishing industry is satisfied with the amendments, as they now stand, pertaining to the fishing industry. It is my understanding that the bill comes before your committee this week and I thought it advisable to communicate this information to you, as I shall be out of town. However, if any urgent matter comes up that you feel that the fishing industry should be heard from, if you will contact my office at CEntral 3-4089, it would be possible for me to appear before the committee as long as I was notified a day ahead. I should add, that I would be very pleased indeed to come back to town if the committee desires any information but, as indicated, we are satisfied with the amendments as now contained in Bill 349.

Very cordnally yours,

Gordon O'Brien,
Manager.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, hon members will recall that when the bill was in second reading in the house I made a somewhat lengthy statement outlining its main features. I do not think there is anything further I can add at this stage. But, if the committee is agreeable, I am ready to suggest that as each clause is called I can probably make a further explanation of it in order to get the committee to understand better the purpose of the clauses in question. As we call a clause, I will be ready to make a short explanation of it, and then if the hon. members wish to question the officials of the department, who are here, they will be at liberty to do so.

We have here the Deputy Minister of Transport, Mr. John Baldwin; we have the chairman of our Steamboat Inspection Service, Mr. A. Cumyn. We also have Captain Slocombe from our nautical division. These officials are at your disposal, if there are any further details that you wish to obtain from them on the clauses as they are called.

Mr. NESBITT: Mr. Chairman, is there any intention on the part of the committee, or the wish of the deputy minister or the parliamentary assistant to the Minister of Transport to call any additional witnesses, apart from the ones he has just mentioned?

Mr. LANGLOIS (*Gaspé*): Not that I know of. We have received no request to my knowledge, regarding any other witnesses who might wish to appear, or to be called and questioned.

Mr. NESBITT: Mr. Chairman, further to that, would Mr. Langlois consider, with reference to section 27, of the Act, calling to give some evidence before this committee, the president of the Lake Ontario Research Rescue Organization? Because this section I might say, Mr. Chairman, deals with the regulation and licensing of boats and operators of boats on all minor waters in Canada. Since this subject has been a matter of some considerable interest to the press and to the public generally, recently, I thought possibly the gentleman I mentioned might be able to give this committee some very valuable information on the subject. I do not think it would take any great length of the committee's time if he were to appear, and it might be very helpful to the committee and to the department generally. Because, the regulations which are, I believe, contemplated under this section, are of great importance, I would suggest, to nearly every member of the House of Commons because there are minor waters of some sort in every constituency. I know the president of this organization, although I do not know him personally, has made a very considerable study of the problem, and some of the evidence that he could probably give the committee would be very helpful to the department generally.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, regarding clause 27, I must state this: I am informed that our officials have been in touch with the gentleman in question, and I think they have already discussed the matter with him. It is the intention of the department, some time in the fall, to have further discussions not only with this organization but with all similar organizations in Canada. Also it is the intention of the department, before these regulations are drafted, to get the views of all those who might be interested in boating organizations, and the views of the manufacturers of motor-boats and outboard motors and so on. We have received many, many letters in the department, coming from all sections of the country. I can say that this correspondence was in favour of the contemplated legislation.

Mr. NESBITT: Mr. Chairman, I am very delighted to hear that. If such is to be the case, I think probably there will not be any particular purpose in having him called at the present time.

One further question I might ask Mr. Langlois in that regard, if I might. will these hearings be public, or will they be private hearings, that will be held next fall?

Mr. LANGLOIS (*Gaspé*): They are going to be a series of conferences, meetings, and consultations with the various interested parties. We do not contemplate inviting the press to these meetings, but there is nothing secret about them. There would be no objection if these discussions are made public.

Mr. NESBITT: Just one final remark, Mr. Chairman. Would Mr. Langlois then consider, when these are being held, letting members of this committee know, in the event that some of us are interested and might care to hear some of the conferences?

Mr. LANGLOIS (*Gaspé*): There is no objection to that. We welcome this suggestion.

Mr. NESBITT: We will be notified when they take place?

The CHAIRMAN: Would any member care to move a motion for the printing of the bill—that 650 copies of the bill be printed in English and 250 copies be printed in French?

Mr. LAFONTAINE: Moved by myself and seconded by Mr. Purdy.

Mr. BARNETT: Mr. Chairman, I would like to ask one or two questions relating to the subject just brought up by Mr. Nesbitt. He suggested the possibility of members, who are interested, sitting in on these conferences. Perhaps all members are not in a position to be able to attend as easily as Mr. Nesbitt might. Therefore, I was wondering whether the department had in mind entering these discussions on the basis of preparing a draft of the regulations, and that if such was going to be the case, whether members of the committee, or members who are interested, could receive a copy of the working paper, so that if either ourselves, or in relation to the people who are interested in our particular areas, we might be able to have some consultation on the subject matter of those regulations prior perhaps to arriving at the final conclusions to be given effect to? It would be rather difficult, I know, for me, perhaps if the meeting is held in the fall, and parliament is not in session, to sit in on them.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, I understood the request that was made earlier regarding these meetings did not go as far as to suggest that the members will be invited to attend. I do not think it was in the mind of the honourable member who made the suggestion, to have honourable members in on these meetings. However, we are interested in getting the views of as many people as we can, because we want to get a set of regulations that will be the best obtainable. We are going to proceed in this way: before any regulations are drafted we are going to send a questionnaire letter to all those who are interested in boating, in order to get their views and their suggestions. I see no objection, if honourable members of this committee are interested, to sending this questionnaire to them in order that they might let us have their views on the matter. Would that be satisfactory to the honourable member?

Mr. BARNETT: That would be fine with me, Mr. Chairman.

Mr. HAHN: Mr. Chairman, before we carry on, I was interested particularly in the speed of vessels. It has been indicated to me that one of these clauses deals with the speed of vessels in rivers and so on, and I wonder if Mr. Langlois could indicate now which clause this is?

Mr. LANGLOIS (*Gaspé*): Are you referring to the bill?

Mr. HAHN: Yes.

Mr. LANGLOIS *(Gaspé)*: There is no mention of speed limitation anywhere in the bill. We are just seeking the power to make regulations for safety afloat in the handling of small boats. It is possible that when the final regulations are made there will be something in them having to do with speed. I understand it would be most desirable if there are regulations dealing with the speed that the boats should travel at, perhaps in certain districts and under certain circumstances. But, there is no authority sought directly in the bill itself to regulate the speed.

Mr. LAVIGNE: Mr. Chairman, in regard to clause 27, I had an experience yesterday. We had quite a rough ride on lake St. Francis, and we felt quite safe because we had some cushions that would serve as life preservers. But, in coming back we found that they were sinkers. They are sold in stores. One would expect to buy cushions that would serve as life preservers in boats. All you see on that life preserver is: "Approved by the Department of Health". They do not float; we know that now.

Mr. LANGLOIS *(Gaspé)*: That is the provincial department of health.

Mr. LAVIGNE: Yes, the provincial department of health. I am referring to this because of this approval. One would think these cushions should be made of a material that is suitable for use in boats. The boats are being checked in that area, and the Royal Canadian Mounted Police have been telling the people that their cushions are no good. They do not comply with the regulations, but it is only after the people have bought them that they find out. You go into the store and you expect to buy boat equipment, and you see them hanging there with the price tag on them. People purchase them and put them in their boats. They do not try them out, because they are only going to try them out once, and they are going to sink. The cushions we have were marked "kapok", and they were approved by the Department of Health. It also says on that same piece of paper "Do not use them for swimming or as a raft". When are you going to use them to try them out, when you are not sure of what you have got in your boat? People who are buying equipment for their boats are being misled intentionally, I believe, by the makers of those products, because I have them in my car and they are made exactly in the same shape and it is the same design as the good and approved "kapok" cushions.

I think some things should be included to protect the purchasers of such equipment so that they will know, when they buy them for their boats that they have cushions for their protection in the boat, and not sinkers as we had yesterday.

Mr. HERRIDGE: I would like to support the remarks which have just been made. I have had some experience of that practice and I think that before this committee rises, when we come to the appropriate section, we should consider the matter and make a recommendation that something of the sort suggested should be included in the regulations.

Mr. LANGLOIS (*Gaspé*): I would like to say here in reply to what Mr. Lavinge has said that, unless I am grossly mistaken, I think he refers to those tags which are given out by the Department of Health in Ontario, in particular, which the manufacturers of certain types of cushions have to attach to the article they make before it is sold, and, if I am right, I think that those tags have to do with regulations concerning the material used, and are prescribed for health reasons. They have nothing to do with suitability for use as life-saving equipment; as a matter of fact I have seen such tags attached to chesterfield cushions, chair cushions and so on. I do not think they have anything to do with safety regulations. Some of the large stores, I think, are now advertising their life-saving equipment by stating that it has received government approval and I am told that in those instances they refer to

government approved equipment meaning by that the approval of the Department of Transport. I think it would advisable if anybody is interested in buying life-saving equipment that he should find out, either by contacting our steamboat inspection office here in Ottawa or our local steamboat inspectors if such material or such pieces of life-saving equipment have in fact been approved by the board of inspectors.

Mr. JOHNSTON (*Bow River*): Mr. Chairman it seems to me we should have some regulation in mind while we are dealing with this bill in order to protect the public. What Mr. Langlois has said is probably quite true but when people go to buy such equipment, and they see in a store which handles boat supplies and safety equipment an article which is advertised for use in boats and which is approved by the government it does not make any difference to them whether it is approved by the provincial government or by the Department of Transport; they take it for granted that once an article has received the approval of the government, either provincial or federal, they are buying something which is going to have a real safety value in regard to the operation of their boats. It does not make any difference to them which authority is sanctioning the sale of these things, and, consequently, there should be some regulation prescribed by the Department of Transport prohibiting any such advertising as this, because it is misleading, and I am sure it does not matter to members of the committee whether it is put out by the provincial government or not. This is something which deals with peoples' lives. When people buy this equipment they do not as a rule take it out straight away and throw it into the water to see how it will function; they rely on its having been recommended by the government or of the province. I think that when we come to deal with the appropriate section there should be some regulation by this government and by the Department of Transport which would safeguard the lives of the people of this country who buy such equipment.

Mr. NICHOLSON: On a point of order Mr. Chairman it seems to me that there is a proper clause at which we could discuss this matter, and we have not yet reached it.

An hon. MEMBER: Clause 27.

Mr. NICHOLSON: I suggest we await that clause before discussing this matter further.

Some hon. MEMBERS: Get on with the bill.

On Clause 1—"Consular officer".

Mr. LANGLOIS (*Gaspé*): This amendment is submitted at the request of the Department of External Affairs for the purpose of giving a Canadian consular officer the same status as his British counterpart in a foreign country. The present definition implies that while a British consular officer may delegate his powers, a Canadian consular officer can do so only by order in council.

Clause 1 agreed to.

On Clause 2—Exemption from registry.

Mr. LANGLOIS (*Gaspé*): As far as clause 2 is concerned this amendment is to provide that ships are exempted from the requirement to be registered if their net tonnage does not exceed 15 tons. Owners of ships under this tonnage will still have the privilege of registration if they so desire; otherwise, they must take out a licence which requires a much simpler procedure. The amendment will bring Canadian practice in line with that followed in the United Kingdom and substantially this same as that in the United States.

Mr. GREEN: Mr. Chairman, can the parliamentary assistant tell us how many vessels would be affected by this change? As I understand it all vessels from 10 to 15 tons which are now registered will no longer have to register.

Mr. LANGLOIS (*Gaspé*): I am sorry, but I am told we do not have this information.

Mr. GREEN: Does the department not know how many vessels are between 10 and 15 tons register?

Mr. LANGLOIS (*Gaspé*): I am informed that in order to obtain this information we would have to go through the whole shipping registry and find out how many ships are between 10 and 15 tons net tonnage.

Mr. GREEN: It seems strange that a change such as this would be made if the department does not know how many vessels are affected. This, in effect is a weakening of the act. It is putting all those vessels between 10 and 15 tons into a minor category—they no longer have to register. That may be necessary, but I would like to know just why it should be necessary and I am surprised, as I say, that the department itself does not know how many vessels will be affected by this proposed change.

Mr. CAVERS: Mr. Chairman is it not the case that other countries only require ships having a tonnage of 15 tons and over to register, and that this would bring Canadian practice into uniformity with that followed in the United Kingdom and the United States?

Mr. GREEN: I do not think that is a particularly good reason, because our shipping conditions are very much different from shipping conditions in the United Kingdom. For many years it has been considered necessary to have vessels of 10 tons and upwards registered in Canada, and this proposal constitutes quite a drastic change. There is another similar change proposed in clause 7 of the bill where the tonnage affected is raised from 150 to 350.

I would like to know what reason there is for easing the regulations. I do not think it gets us very far merely to say that the United Kingdom has a provision affecting ships of 15 tons rather than ships of 10 tons. I am not necessarily quarrelling with the idea of the change but I would like to know whether there is any good reason why such a change should be made. I think the wise approach to sections of this kind is to ask why these changes should be considered necessary, because, let it be remembered, relaxation in shipping regulations may lead to wrecks, loss of life, and trouble of that kind. I would therefore like to know just why the regulations should be relaxed in the way suggested.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, I want to say that this clause has nothing to do with the inspection of these vessels; it has to do only with the registration of the ship.

Mr. BYRNE: What is the basic difference?

Mr. LANGLOIS (*Gaspé*): The difference is that up to now a ship of 10 tons net tonnage or over has to be registered. Now we want to raise the exemption up to a limit of 15 tons in order to avoid the expenditure necessary in connection with the registration of the ship. We want to save the owners of these boats the necessity of going through this complicated procedure of registering, and having to pay a fee to register a ship which never leaves our shores and which operates in Canadian waters only. But these ships, as I pointed out, will nevertheless have to get a licence, and besides that they will be subjected to the same inspection regulations as other vessels—there is no change in that respect. They would have to comply with regulations for safety, life-saving equipment and so forth in just the same way as if they were registered under the section of the act dealing with registry. As I stated in the house, the procedure with regard to registering a ship is a complicated one. It may not be considered expensive when you are registering a ship worth many hundreds of thousands of dollars—in some cases millions of dollars—but when it come to a small ship below 15 tons it is an expensive procedure.

Mr. GREEN: How expensive?

Mr. LANGLOIS (*Gaspé*): You have to get a lawyer to deal with the papers and so on—

Mr. GREEN: You certainly do not in British Columbia.

Mr. LANGLOIS (*Gaspé*): —unless you know how to do it. The ordinary boat owner, I think, would like to do it in the proper way and would probably consult a lawyer. He could, of course, go direct to the registrar of shipping— —

Mr. GREEN: I wish they would consult a lawyer, but I do not think they do.

Mr. LANGLOIS (*Gaspé*): The owner could attend to it personally and get the forms and fill them out himself but afterwards he would have to pay the registry fee.

Mr. BYRNE: How much is the fee?

Mr. LANGLOIS (*Gaspé*): I am told that the owner who wishes to have a boat registered must have his boat measured by an official measurer and he would of course have to pay this man for measuring the boat; and then he has his declaration of assets to fill and so on.

Mr. GREEN: I know that in Vancouver, from what I have gethered of the shipping business, this registration is a pretty effective step and a wise step. It means that the man who builds a boat knows he has to meet certain requirements and I think it helps to maintain a high standard. I do not think it costs very much; I would like to get a figure of what the procedure costs.

Mr. HOSKING: Is this registry an international registry?

Mr. GREEN: It has nothing to do with international law.

Mr. HOSKING: Is there an exchange of registration between the countries?

Mr. GREEN: I do not think so.

Mr. HOSKING: Are these costs with or without a lawyer?

Mr. CAVERS: We will have an amendment inserted in the bill providing that you must have a lawyer if you like.

Mr. HOSKING: I am opposed to that.

Mr. LANGLOIS (*Gaspé*): Our fee is not too high.

Mr. GREEN: What is it for a ship not exceeding 10 tons?

Mr. LANGLOIS (*Gaspé*): It is 50 cents; for a ship exceeding 20 tons it is one dollar.

Mr. GREEN: How much?

Mr. LANGLOIS (*Gaspé*): One dollar but, as I said, this man would have to get his boat measured by an official measurer.

Mr. GREEN: What would that cost?

Mr. LANGLOIS (*Gaspé*): These measurers are not employed by the department.

Mr. JOHNSTON (*Bow River*): Are these measurers lawyers?

Mr. LANGLOIS (*Gaspé*): No, they are engineers or architects and I am told that the fee in respect of a boat of 10 tons might be between $10 and $15, provided he does not have to leave his place of residence. But if he has to travel fifty miles to measure the boat, then he will charge both for his time as well as for his travelling expenses.

Mr. HOSKING: Would there be any difference between this size boat or any other size boat, whether it be ten tons or 500 tons?

Mr. LANGLOIS (*Gaspé*): As it is, craft up to ten tons are exempt from registration, and we want to raise that exemption to fifteen tons.

Mr. GREEN: I submit that registration is a minor consideration right now, costing only $1 and the cost of the man to measure the ship which would be only about $10.

Mr. LANGLOIS (*Gaspé*): I beg your pardon, I made a mistake. I was reading from the wrong column. The first registration costs $3.

Mr. GREEN: You say $3.

Mr. BATTEN: For a ship up to what size?

Mr. LANGLOIS (*Gaspé*): For ships below fifty tons it costs $3.00.

Mr. GREEN: Who is asking for this?

Mr. LANGLOIS (*Gaspé*): We have received many representations from owners.

Mr. GREEN: From whom did you get them?

Mr. LANGLOIS (*Gaspé*): From owners of small boats.

Mr. GREEN: Did you have any association writing in?

Mr. LANGLOIS (*Gaspé*): Individual owners!

Mr. HAHN: Are they owners of pleasure or commercial craft?

Mr. LANGLOIS (*Gaspé*): They can be of any type.

Mr. GREEN: Probably these are mostly pleasure craft and the people do not want to be bothered to get their ships registered. For example, from whom have you received complaints from the west coast?

Mr. LANGLOIS (*Gaspé*): I am told that we have received representations from very many owners. It is pretty hard to give you the names of those who have complained. However, let me add this: the only thing we are doing is this: we want to exempt boats between ten and fifteen tons and to remove the onus upon the owners to go through the ordinary registration procedure.

Take the case of an owner who is residing in an outlying district far away from a shipping registrar. He has to get his boat registered; he does not know the regulations and he does not know the procedure; he has to go to the trouble to write to a registrar of shipping who might be anywhere from 100 to 500 miles away from his place. He has to get his boat measured and if there is no official measurer in his locality, he will have to get a man to come from far away to measure his boat. On the other hand, this has nothing to do at all with safety regulations. The boat would have to comply with the same safety regulations. We desire only to avoid this procedure causing owners the trouble to register their ships when we think that registration in such cases is not absolutely necessary.

Mr. GREEN: Most of these vessels—speaking as far as the west coast is concerned—would be built in one of the larger centres so that registration is a matter of little difficulty and it is done primarily by the builders of the ship.

The thing that worries me is the cutting down of the regulations in this manner which means that there would be many of these ships built between ten and fifteen tons and the building of them would not have to be checked. These boats may not be well built so that in the final analysis in some cases it might result in wrecks.

Why we should be removing restrictions in this section while in another section we are going to licence 50,000 or more operators of pleasure craft does not make sense to me. The shipping registration regulations on the west coast have always been very properly and carefully carried out procedures and very effective ones, and if it is only the case of an individual person writing in and wanting to have the regulations eased, then I do not think this committee should pay too much attention to that.

Probably most of the people who are asking for it are people building expensive yachts and vessels of that kind. But all the shipping regulations go much deeper than that and they are so much more important that I hope that the Department of Transport would let this section stand until we consider some of the other clauses of the bill to see if it is really necessary to lift these restrictions as contemplated.

Mr. NICHOLSON: I support Mr. Green's argument, and it seems to me that when a ship is built it should not be too hard to find out the size and the power. For example, I have an automobile registration form and it tells me that I have a Pontiac car with a given wheel base and made by a certain manufacturer, and it cost me a good deal more than $3. I would like to get rid of the obligation—I know it is a provincial one—but I do not think anyone would seriously argue that it would be in the public interest to relieve a citizen of that obligation.

I was on an Ontario lake yesterday and I think that instead of relieving people from the regulations we ought to enforce more regulations. Therefore it seems to me that unless better reasons can be advanced than we have had so far we should leave this clause unchanged.

I think if anyone has a ten ton ship he should be prepared to meet the very reasonable $3 registration fee, and it seems to me that before he buys a ship he would know the size. Therefore I suggest that the department should be prepared to require anyone who has a ship of that sort to abide by the regulations we now have.

Mr. HERRIDGE: I support Mr. Green's argument. The situation is not quite as outlined by the parliamentary assistant. In our minor waters in the Kootenay, for example—they are minor in a technical sense—when a boat is built, the builder of the boat assists the owner to make out his form, and if that is not done, then the steamship inspector will help the owner and will measure the boat for him and supply all the details when he applies. I agree with Mr. Green that we should not relax these regulations unless there be a good reason for doing so. Does this mean merely a saving of two or three dollars on a boat costing from $15,000 to $30,000? The expenditure is trifling! Does this mean that a boat of that size, one of fifteen tons, would not require a master's certificate?

Mr. LANGLOIS (*Gaspé*): As I said earlier this has nothing to do with either the technical or the safety aspects of the ships.

Mr. HERRIDGE: Or their operation?

Mr. LANGLOIS (*Gaspé*): Or their operation, and the owner of this boat—even if the boat is not registered—will have to obtain a licence for it. Therefore, in the case of a small boat below 15 tons, why should the owner have to go through the bureaucratic process of registration?

Registration of a ship is a mighty good thing to have—it is good to have when the ship has to go outside of the country, because it is its identity certificate; it is its birth certificate; it is a document which is accepted by the officials of all governments at its face value wherever the ship goes. But when that ship remains within our own territorial waters, we say that a licence is enough.

I mentioned the saving of expense, that it cost from $10 to $15 to have the boat measured. I may add that our steamboat inspectors are not supposed to measure ships and to issue certificates of measurement. It is part of their functions. These certificates of measurement must be issued by official measurers.

Mr. HERRIDGE: I said that they would very kindly measure a ship and supply the information to the person making the application.

Mr. LANGLOIS (*Gaspé*): But they are not supposed to do so. The owner has to file a certificate of measurement by a duly qualified measurer. We have the licence to take care of the control that we might want to exercise on the boat; and again, this has nothing to do with the matter of safety of the boat and of the life saving equipment that the boat must carry. We just want to save some paper work to the prospective owners of these small craft.

Mr. GREEN: The parliamentary assistant mentioned—or left the impression that the ship would have to be registered and also licensed. But that is not correct. Surely the licensing provision is for ships which are not registered.

Mr. LANGLOIS (*Gaspé*): That is right, but if it is not registered, it still has to be licensed.

Mr. GREEN: What you are doing by this change is this: you are taking these vessels from ten to fifteen tons out of the one category which requires registration and you are putting them down in a licensing bracket with the little ships. That is what you are doing, and you will thereby enjoy much less control over them, and over the equipment that goes into the ship and so on, and it is a relaxation of the regulations which have been in effect for many, many years, and which I, at least, for one, have never heard complaints about, on the west coast.

Mr. LANGLOIS (*Gaspé*): We have, through the licensing system, the same control—exactly the same control, and I take it that the inspection requirements are absolutely unchanged. I want to make that clear. If a ship does not comply with the standards fixed by the department, we can stop its construction and we can refuse to license that ship. We just want to save some of the paper work when we think that such paper work would achieve no practical purpose in the case of smaller boats.

Mr. HODGSON: In licensing these very small ships you do not have to have any special process, because they are licensing these ships every day. Your act came into force two years ago as far as small craft are concerned, and your officials will have enough trouble in enforcing it without adding any more to it.

Mr. LANGLOIS (*Gaspé*): That is why we want to relax it.

Mr. CARTER: All this does is to change the internal records in your department, and it is just a method to reduce red tape.

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. CARTER: I am all for anything which will reduce red tape because I think we have too much of it already. I am interested in this, and I wonder how this applies to fishing vessels because, in Newfoundland, we are trying to encourage our people to switch over to long liners, particularly the type which run about 14 tons, which would just run under this regulation.

Our fishermen are scattered along a large marine coastline and there are no people qualified to measure these ships—except perhaps at St. John's—and it is very difficult getting them out. Therefore anything we can do to reduce the cost of operation of our fishing ships and the cost of registration I think is all to the good of the fishermen. But since it is not related in any way to safety regulations, I think we should go ahead.

Mr. LANGLOIS (*Gaspé*): Owners of fishing boats of below 15 tons will not have to register. They will have the opportunity to do so if they wish to do it. But even if they obtain a licence, it will have nothing whatsoever to do with the inspection requirements and any other technical standards.

Mr. CARTER: A few years ago these fishermen scattered along such a wide coastline thought that to require them to register their fishing vessels would be imposing a terrific handicap upon them. These fishermen build their own boats and I may say that the man who builds his own boat is not qualified to measure and to calculate the tonnage.

Mr. BATTEN: Am I right in my understanding that no measurement as to tonnage is required for the granting of a licence?

Mr. LANGLOIS (*Gaspé*): There is a very much simplified formula for giving the dimensions of the ship. The ship owner does not have to file the official measurements certificate giving all the details as to the measurements as is required for registration. It is merely a matter of less paper work.

Mr. BARNETT: Perhaps it would clear matters for some of us if we had some description in lay terms as to the difference in the category of ships which would be included in the exemptions under this proposal. Will this mean that the type of vessel ordinarily doing a different type of business will be exempted from registry under this provision, or will it simply cover vessels of a similar type, perhaps a little larger than have ordinarily been exempted?

Mr. LANGLOIS (*Gaspé*): It has no relation to the type of business performed by the boat.

Mr. BARNETT: I realize technically that it has not, but I wonder whether the raising of the exemption would bring into the class of boats exempted a different type of vessel engaged ordinarily in a different type of business. For example, whereas under the present exemption certain classes of fishing vessels would be exempted, would it now bring in a larger class of packers, tugboats, and things like that?

Mr. LANGLOIS (*Gaspé*): My information is in the negative in that respect.

Mr. BARNETT: Under this provision would there still be a requirement for vessels under fifteen tons going out of Canadian territorial waters to be registered? For example, we may say a vessel travelling from southern British Columbia down to the Puget Sound region in the United States on the west coast.

Mr. LANGLOIS (*Gaspé*): If the vessel is used commercially, it will have to be registered.

Mr. LEBOE: Is it not true that in order to determine whether a boat is within a certain tonnage that the boat has to be measured? Is that not true?

Mr. LANGLOIS (*Gaspé*): That is right, but not by an official measurer.

Mr. LEBOE: Do you mean to tell me that somebody can unofficially measure a boat and determine whether or not it falls into the category?

Mr. LANGLOIS (*Gaspé*): In the case of a small boat, it will be a simple form which the owner can fill himself. He gives us the figures, we calculate the tonnage and if it is above fifteen tons we will require him to register. Mind you, our steamboat inspectors are still in the picture and can check as to the accuracy of the information given by the owner.

Mr. CARTER: I believe that my honourable friends perhaps do not know too much about what is involved in measuring a boat.

Mr. GREEN: We also have boats on the west coast.

Mr. CARTER: The tonnage of a boat does not depend entirely on the length of its keel, or its over-all length, depth or width. In the matter of tonnage, there are other things, for instance the building of houses on the boat, and so on, which affect the tonnage of it. I know of some cases where certain means have been employed to bring a ship under 150 tons. I know that what happened in one case was that the fellow sawed off the stern in order to bring it under the 150-ton regulation. You can alter the tonnage in the space below deck by raising the stanchion and so forth. It is not as simple as it looks.

Mr. GREEN: Could we have the application form which has to be filled out for registration and also the form which in the ordinary way has to be filled out for obtaining a licence.

Mr. LANGLOIS (*Gaspé*): Do you mean all the forms, such as the declaration of assets, declaration of ownership and so on?

Mr. GREEN: May we have a look at the forms?

Mr. LANGLOIS (*Gaspé*): I will see if we have them.

Mr. HOSKING: Speaking as a landlubber who knows nothing about shipping, is it not a fact that the details of a ship registered for going out of the country are accessible?

Mr. LANGLOIS (*Gaspé*): I am sorry I did not hear the whole of your question.

Mr. HOSKING: Is not the difference between a licensed ship and a registered ship the fact that in connection with a registered ship the specifications and information on that ship are available to any other country? I believe there is a registry of ships which you can look at and see the information pertaining to every registered ship of every country?

Mr. LANGLOIS (*Gaspé*): I suppose you are referring to the Lloyd's Register which is an international source of information.

Mr. HOSKING: Every ship which is required to be registered must appear in that registry. I believe it is called Jane's Registry of Ships.

Mr. LANGLOIS (*Gaspé*): I would not say "must appear"; they may appear.

Mr. HOSKING: And we merely licence the boats which never go out of our area; it just saves them from this.

Mr. LANGLOIS (*Gaspé*): Mr. Green has asked for the forms which are necessary for the registration of a ship. I have those forms here. They are complicated documents.

Mr. GREEN: Let us see the forms for registration and the forms for obtaining a licence.

Mr. LANGLOIS (*Gaspé*): You only have the documents having to do with the measurements. Do you want the declaration of assets and all the other forms?

Mr. GREEN: I would like to see the forms which are filled out in connection with registration and the forms which are filled out in connection with obtaining a licence.

Mr. LANGLOIS (*Gaspé*): We can get them for you. We have the licence form here.

Mr. GREEN: What I wish is the application form which has to be filled in.

Mr. LANGLOIS (*Gaspé*): That is the application.

Mr. HAHN: Mr. Chairman, possibly we could have those passed around. I am interested in this for the reason that I have had certain representations made to me with respect to a question which I raised earlier on clause 1. Unfortunately, I had to go to get the information and before I returned clause 1 had been dealt with. Referring to the licence as distinct from the registration of ships, who does the licensing; is it the same Department of Transport?

Mr. LANGLOIS (*Gaspé*): Yes. It is done through the collector of customs who is an employee of the Department of National Revenue.

Mr. HAHN: What is the principal objection to registration of vessels in Canada?

Mr. LANGLOIS (*Gaspé*): Mind you, there is no objection; it is just to save some paper work in the case of small craft; that is all we want to do. The owner still has the privilege of going through the procedure of registration if he wants to, but in the case of a ship of below fifteen tons it is not necessary. In that case, you obtain a licence and that will be sufficient.

Mr. HAHN: I am interested in just what is the difference between a licence and a registration. I understand that we are having a couple of forms passed around through the room for examination and I would, therefore, like to suggest that before we carry the clause that we be given time to examine those so that we can see for ourselves what we believe is wrong, if there is anything wrong in the proposed amendment, or if we consider it to be right then we can arrive at our own conclusion in a sane sensible fashion.

An Hon. MEMBER: Carried.

Mr. GREEN: Mr. Chairman, may I point out that this business of shouting "carried" will not get the members anywhere in this committee or in the house. We came to this committee prepared to give careful consideration to the bill in a non-partisan fashion. If we are going to be met with such outcries then we will attempt to block the bill going through the committee and through the house. We cannot do business on this basis. If this committee is to be of any value then we should consider this bill on its merits. These are serious questions which we are raising and I do not think any of us appreciates this practice of two or three members putting their heads down on the table and shouting "carried".

What I would like to see is the application form which is filed in each case.

Mr. LANGLOIS (*Gaspé*): That is all there is.

Mr. GREEN: Then there is no application form for a licence?

Mr. LANGLOIS (*Gaspé*): The owner provides the information to the collector of customs, he fills out that form, and that is the licence.

Mr. HERRIDGE: The collector of customs in our district sends a certain application form to every boat owner who fills it in and gets a licence.

Mr. LANGLOIS (*Gaspé*): That is the form which we have passed around.

Mr. NICHOLSON: Could we allow the clause to stand until after the lunch hour?

Mr. LANGLOIS (*Gaspé*): There is no objection to that.

Mr. BARNETT: Before the clause stands, might I ask another question. Could we have a brief explanation of what connection, if any, there is between the registration of a vessel and its eligibility under the sick mariners' fund? It seems to me that I have heard that there is some connection there?

Mr. LANGLOIS (*Gaspé*): There is no change there whatsoever. I have here a note from the Department of National Health and Welfare, which, as you know, administers the sick mariners' fund: "Provided ships between ten and fifteen tons may register voluntarily, as is the department's intention, there will be no change in the position of such ships vis-à-vis the sick mariners' benefits or fishing bounty."

Mr. BARNETT: Does that mean that if the vessels between ten and fifteen tons wish to have coverage that they will have to register?

Mr. LANGLOIS (*Gaspé*): That is right, if they want to take advantage of the benefits.

Mr. BARNETT: And they will have to register the vessels, will they?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. BARNETT: And that has applied heretofore to vessels below ten tons?

Mr. LANGLOIS (*Gaspé*): It has applied to all ships. They have to register just the same. Anything that registers, no matter what the size, is entitled to the benefits of the sick mariners' fund, if they comply with the other conditions required to qualify.

Mr. BARNETT: Yes, but if they are not registered—but if the vessel is not registered—

Mr. LANGLOIS (*Gaspé*): They do not get the benefits.

Mr. BARNETT: They do not receive the benefits under the sick mariners' fund?

Mr. LANGLOIS (*Gaspé*): That is the purpose of this new clause when it makes registry or licensing optional. They will have to register if they want to get the benefits.

Mr. HODGSON: I want to ask you about something which affects my own riding. Do I understand you to say that the collector of revenue in each section will send a form to every boat owner?

Mr. LANGLOIS (*Gaspé*): If the owner writes him, he will send the form.

Mr. HODGSON: Does he automatically send them out?

Mr. LANGLOIS (*Gaspé*): I have been told that in some districts he was doing it.

Mr. HODGSON: The official in our county does not know five per cent of the people who have boats.

Mr. HERRIDGE: He can inform the collector and ask him to send the forms.

Mr. HODGSON: Yes, that is right. But, your official goes around and he sees a boat that has not got the name or number and so on marked on it. I have got one of these, and you have to put a number on each side of your boat, on the back, and so on, under certain regulations.

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. HODGSON: Suppose the official comes around and he sees 50 boats on the lake that have not anything like that on them?

Mr. LANGLOIS (*Gaspé*): They would have to get the licence; the Royal Canadian Mounted Police would see to that normally.

Mr. HODGSON: Yes, but I say your official should be armed with licences in his pocket, because I know one lake that has 400 boats on it, and I do not think 10 per cent of them know anything about this licensing of boats, and so on. But, they all should have a licence on them.

Mr. LANGLOIS (*Gaspé*): I am told that we are considering this suggestion.

Mr. NESBITT: Just one further question. I do not want to refer this particular section at the present time to section 27, because it is more appropriately discussed then. But, just one question that I have which might be of interest to other members of the committee. In the present form of licensing for small craft, in view of what the parliamentary assistant has said they are contemplating drawing up a new and more widespread regulation in the future, that possibly the form of licensing for small boats might well be changed after these have been considered. I would assume that might well take place.

Mr. LANGLOIS (*Gaspé*): It is under consideration now.

Mr. NESBITT: Yes. If you are considering all the new regulations for small boats, it may well be that the effect is changed somewhat.

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. BATTEN: Mr. Chairman, may I ask if there is any fee for licensing a small boat?

Mr. LANGLOIS (*Gaspé*): No.

The CHAIRMAN: Is it the wish of the committee to have this item stand?

Mr. BYRNE: Have there been any objection to this section from any quarters, landlubbers or otherwise?

Mr. LANGLOIS (*Gaspé*): None whatsoever.

Mr. BYRNE: This is the first instance of an objection?

Mr. LANGLOIS (*Gaspé*): Yes, that is right.

The CHAIRMAN: Shall clause 2 carry?

Mr. GREEN: I thought that was to stand?

The CHAIRMAN: It comes to a vote.

Mr. GREEN: Is an attempt being made to steamroller this through, or is it to stand?

Mr. HOSKING: I do not like the remarks made about the people who have spent some time in studying this bill and have come here with some concept of it, and are then required to give all these details and explain it minutely to members who do not know anything about it. I do not think it is right that we should endure this.

Here is a very simple clause, that has been explained very well by the parliamentary assistant. He says in regard to the registering of ships the details can be found out if they wish. In any event, they may be licensed, and they are given the information. The regulations are the same for the owner of a ship between 10 and 15 tons. He may register if it is to his advantage, and if he does not want to register he does not have to pay an expensive lawyer's bill to fill out the forms. It is a clause that has been put in for the benefit of small shipowners. It is very simple and straightforward. I do not see any reason why, after all the explanation that has been given, the thing should not pass. It is not a regulation that says you must register, but you have an option one way or the other. It is a very simple clause, and I think it should pass.

Mr. GREEN: Mr. Chairman, I have never known a case where, when a committee was considering a bill section by section, and there was a question brought up about one section, the committee would be unwilling to let that section stand. And now here is a section where we have not been given the information. This department does not know how many vessels are affected by this change; this department does not know—

Mr. HOSKING: Anyone can register, or he does not need to register.

Mr. GREEN: Let me do my talking, you do enough of your own.

This department does not know how many vessels will be concerned. I want to know how many vessels on the west coast are going to be exempted from the regulations for registry by changing this minimum from 10 tons to 15 tons. Furthermore, this department has received no representations from any group, any association, asking for this change. They apparently have had letters from individuals asking for the change. You will notice that the section covers pleasure yachts and the exemption covers pleasure yachts as well. Now, I do not doubt for a minute that a man who has a pleasure yacht over ten tons would like to get this registration minimum lifted from 10 to 15 tons, but we are entitled to know just what all these things are. There is no similar situation existing in the interior parts of Canada. This registration of ships is a vital matter; it is not like registering a car—it is a great deal more serious than that. It affects the type of boat that is built—whether it is well built or not—and it will probably affect the lives of people working on these vessels.

Mr. BYRNE: That is not the case which has been presented to us—

Mr. GREEN: You do not know anything about boats. You have not one boat in the whole of your constituency.

Mr. BYRNE: I know as much about them as you do.

Mr. GREEN: No you don't. Men's lives are affected by this and this whole thing is a very serious business. The registration of ships is the foundation of our whole shipping law. There may be a good reason for exempting this group of ships from the requirement of registry but we are

entitled to have further information before it is done. I thought the department would be able to come here today and tell us exactly why they wanted this step taken, but the only reason given us is that in the United States and the United Kingdom they do not register vessels under 15 tons; and that it would help to cut down the amount of "red tape". I fancy that the argument getting away from "red tape" may be the real reason—that the department does not want to be bothered with the registration of ships between 10 and 15 tons. But we have not got the whole story; we should be given clear and accurate answers to some of the questions that have been raised and we should have the chance to study this matter further. It looks to me as though the obligation with regard to licensing does not amount to anything at all and that it is designed primarily for pleasure boats rather than for regular ships which, up to date, have been registered under this act, and I hope that the committee will just not be in such a rush to force these things through.

Mr. HOSKING: I would like to correct some of the misinformation that has been given by Mr. Green. The registering of ships such as pleasure yachts is much more important than that of certain other boats, because pleasure yachts cruise in international waters. In the province of Ontario we have many ships which come from the United States and, as the parliamentary assistant (Mr. Langlois) has explained this registry is the "birth certificate" of a ship and constitutes the legal ownership; it is something which is accepted internationally, so pleasure yachts which enter into national waters are all registered under this act, if they fall within the prescribed limits of tonnage, in order that they may sail back and forth. Any ship which sails in international waters needs to be registered, and the owners wish it to be registered. On the other hand, vessels which are intended to stay in their own waters do not need a certificate which is accepted internationally, so they will just have the option of taking out this licence which can be done very simply.

Mr. NICHOLSON: Mr. Chairman, since this clause is apparently not going to stand I think we should get additional information. Mr. Barnett raised the question of the Sick Mariners Fund. I think we should have information as to the number of ships involved. The parliamentary assistant (Mr. Langlois) maintained that the owner of ships between 10 and 15 tons could register but that he would not be obliged to register and that being the case I think we should know how many people under the Sick Mariners Fund are going to be barred from participation in the benefits of that legislation.

Mr. LANGLOIS *(Gaspé)*: They will not be barred—

Mr. NICHOLSON: It is not going to be compulsory to register, and if this is the case I think we should know the number of ships concerned in this category because if half of them fail to register, then half of the mariners on board those ships will be barred from the benefits of the fund. I think that when the meeting resumes after lunch the parliamentary assistant should be able to give us more information regarding the number of ships involved and the exact status of the men with respect to their benefits under the Sick Mariners Fund.

Mr. LANGLOIS *(Gaspé)*: To reply first of all to the remarks made by Mr. Green. As I have said three or four times since we opened our discussions this morning this matter of the licensing or the registration of ships has nothing whatever to do with the construction standards of the ships concerned. It has nothing whatsoever to do with the life-saving standards or the other technical standards of a ship. I think that must be clear by now to every member of this committee. All we want to do is to dispense with a certain procedure so far as smaller ships are concerned. We say that the owner of a ship below 15 tons of net tonnage should be at liberty to register his vessel or not. If he does not register the owner will have to get a licence under a

much simpler procedure. As I mentioned also, this would have no effect whatsoever on the Sick Mariners Fund. It has nothing whatsoever to do with that fund and since the ship owner is at liberty to register or not, if he wants to get protection under the Sick Mariners Fund he will have to register, of course, and that is the situation as it exists today. There is no change in that respect whatsoever.

Mr. BYRNE: It is to the shipping owner's benefit to come under the Sick Mariners Fund?

Mr. LANGLOIS (*Gaspé*): Yes. As far as the information sought by Mr. Green regarding the number of boats which would be affected by this change, it will, as I stated earlier, take a lot of work to go through the registry of all the ships in Canada and find out exactly how many ships will be affected, but I am told that probably in the course of this afternoon we shall be able to get a pretty close estimate. Honourable members should bear in mind that owners are not obliged to take out a licence and that they can continue to register their boats if they so wish. I am ready to give the undertaking to the committee that we will give an estimate of the number of ships likely to be affected, in the course of the afternoon.

Concerning the other request for information which was made by Mr. Nicholson as to the number of ships between 10 and 15 net tons which are affected by the Sick Mariners Fund provisions, that is a pretty tall order. As you know the fund is administered by the Department of National Health and Welfare, not by our department, and, besides the registry requirement, there are many other conditions which the ship must fulfill before it is entitled to the benefits of the sick mariner's fund.

But giving you the number of ships there are between ten and fifteen tons net tonnage will not give you an idea at all of how many of these ships fall under the sick mariner's fund, because it is possible that for a large percentage of these ships, they will not have complied with the other conditions to take advantage of those benefits.

As I said before—and I repeat it again—this has nothing to do with the sick mariner's fund benefits because the owners have the option to register or not. If they do register, the situation is unchanged, and this also applies to ships below ten tons. Let us say the ship is eight tons, so it does not have to register, but if the owner fulfills the other conditions for the sick mariner's fund, the only formality is that he has to register his vessel to get the benefits of the sick mariner's fund.

Mr. BARNETT: I think the parliamentary assistant has slightly missed the point raised by Mr. Nicholson. However, is the clause going to stand?

Mr. LANGLOIS (*Gaspé*): I have no objection.

Mr. BARNETT: But the question in my mind in respect to this clause is how many crew members—how many people employed by the owners are going to be affected? I know that on the British Columbia coast quite a number of fishing vessels are way below ten tons but they are registered as one of the regulations necessary to qualify them under the sick mariner's fund. The question does arise in this increase of exempted tonnage as to how many vessels which may ordinarily employ a crew are going to be in a position where it is optional whether they register or not? It may be—and I am not saying that it will be—but it may be that the owners of those vessels may not be particularly concerned so far as they themselves are concerned and may decide not to register and to pay the fees under the sick mariner's fund in order to save themselves a little money. Therefore, will there be workers in the position of losing the coverage they have received up to this point? That is a question I would like to be satisfied about in connection with the passage of this section.

Mr. LANGLOIS (*Gaspé*): In reply to those remarks I must say that, as hon. members know, the coverage afforded by the sick mariner's fund is as much to the advantage of the ship owner as it is to the crew members.

As far as fishing vessels are concerned, it is not compulsory for the owner of the ship to pay his contribution and to qualify if he does not want to, even if his ship is registered. We make it compulsory under the Shipping Act to register a ship of from 10 tons up. However if the owner of a registered ship does not wish to pay his contribution in order to come under the sick mariner's fund, we cannot force him to do so.

Mr. BARNETT: That is a special exemption for fishing vessels.

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. HAHN: The parliamentary assistant said that it was optional to the owner whether he was registered or licensed if his vessel was below 15 tons.

Mr. LANGLOIS (*Gaspé*): That is right under the proposed legislation.

Mr. HAHN: Does that mean that a man who registers his vessel does not have to get a licence as well?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. HAHN: I am interested in the safety factor which Mr. Green raised, that if a man who registers his vessel does not have to get a licence—and since you indicated earlier that the licence is the only factor which decides the safety factor—then, if the registration does not give you that, how is the vessel registered to be covered from a safety factor.

Mr. LANGLOIS (*Gaspé*): As I have said many many times this has nothing to do with inspection. Even if the boat is only licensed, it would still have to get its inspection certificate. That is where we have control over the construction of the ship, the safety equipment, and the other technical standards involved.

The owner of the licensed vessel is not exempted from getting a certificate of inspection from an authorized officer of the department, is that clear?

Mr. HAHN: That is fine. Thank you.

The CHAIRMAN: The parliamentary assistant is willing to allow the clause to stand.

On Clause 3, "Deductions in special cases".

Mr. LANGLOIS (*Gaspé*): I must give a lengthy explanation which I deem necessary to fully understand this clause because it is more complicated than the clauses we have already discussed.

CLAUSE 3—Section 95, Allowance for engineroom space in steamships for measurement of tonnage.

The net tonnage of a ship as shown in the certificate of registry is the tonnage upon which harbour dues and other port charges are based in most of the ports of the world. Further, limitation of liability is based on net tonnage. Thus it is to the advantage of a shipowner to have the net tonnage as low as possible and the aim of ship designers is to achieve this end while still providing for the greatest possible carrying power consistent with safety requirements.

The net tonnage is derived from the gross tonnage by deducting therefrom certain allowances such as for engineroom space, crew accommodation, and so forth, as laid down in the rules for measuring tonnage. The maritime powers of the world follow substantially the same rules in this regard and Canada has a further obligation under the British Commonwealth Shipping Agreement to keep registry practice, including measurement of tonnage, in line with practice in the United Kingdom.

The present section 95, which is the same as formerly appeared in the Merchant Shipping Acts, permits the allowance of a certain percentage of the gross tonnage when the proportion of the propelling power space to the gross tonnage falls within arbitrarily prescribed limits. However, when the propelling power space falls below these limits another rule comes into effect, involving a sharp drop in allowance, to the disadvantage of the ship owner.

In 1954 the British Merchant Shipping Acts were amended to provide for a pro rata allowance for propelling power spaces falling short of the prescribed limits, thus allowing ship owners to reap the benefit in reduced tonnage of the space-saving effect of modern internal combustion engines. Before amending the British acts, the United Kingdom Ministry of Transport and Civil Aviation consulted twenty-eight commonwealth and foreign countries and by December, 1954, twenty-four out of the twenty-eight had agreed in principle to the proposed amendment.

In recent months Canadian Vickers Limited, Imperial Oil Limited, and the Canadian Shipbuilding and Ship Repairing Association, have made representations to the department in this matter, recommending that modifications similar to those in the British tonnage measurement regulations be made in the Canada Shipping Act. It is pointed out that the difference in the rules places Canadian ships at a disadvantage as compared with ships registered elsewhere, not only in the case of motor propulsion, but also in the case of Great Lakes vessels which, although propelled by steam, have small enginerooms in comparison with their size. Here I have a few examples which may be of some interest to the committee. For example, there is the s.s *Scott Misener,* an upper laker, which has a net tonnage under the U.K. rule of 9,151 tons, and under the present Canadian rule, 10,328 tons. There is the motor vessel *Baie Comeau*, a canal size laker, which has under the British rule a net tonnage of 1,476 tons, and under the present Canadian rule, 1,634 tons. Another example is the steamship *Sept Iles,* which is an ocean-going vessel, and has under the U.K. rule a net tonnage of 11,691 tons, and under the present Canadian rule, 13,631 tons. The amendment is therefore designed to correct a condition unfavourable to Canadian ship owners who register their ships in Canada.

Mr. NESBITT: Mr. Chairman, I see that it is very close to one o'clock and I have a suggestion which I think might be helpful to all the members of the committee. In this section we will be discussing certain technical details as to tonnage and so on which are rather confusing and I am wondering if we might this afternoon have rough definitions made out by the officials of the department because it is difficult to follow this if we are not familiar with the terms.

Mr. LANGLOIS (*Gaspé*): I think that the definition is very simple. The gross tonnage of a ship is arrived at by measuring all the enclosed spaces in the ship; then, to arrive at the net tonnage, you deduct from that the space for the engineroom, propelling power and crew accommodation; after these deductions have been made you get the net tonnage.

Mr. NESBITT: Cargo-carrying capacity based on so many cubic yards, or something of that nature.

Mr. LANGLOIS (*Gaspé*): It is the measurement of the enclosed spaces in a ship.

Mr. NESBITT: The gross and the net tonnage are related to the cargo or the passenger-carrying capacity of a ship?

Mr. LANGLOIS (*Gaspé*): If you have in mind the space occupied by the cargo, you are right. I hope that my definition is clear enough.

The CHAIRMAN: We will now adjourn until three o'clock this afternoon. Luncheon adjournment.

AFTERNOON SESSION

The CHAIRMAN: Gentlemen, we have a quorum. We will refer to clause 2.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, before lunch I was asked for information about the number of boats between 10 and 15 tons which are presently registered. The figures were gathered during the lunch hour and are the following: on the west coast—857; others—2,497, giving a total of 3,354.

Now, I have also all the forms in connection with an application for registry. I have them here. I have the application for registry; the notice of name provision for British vessels; the declaration of assets by the vessel owner; vessel security—two of them Nos. 1 and 2—two sets of forms—declaration of ownership by an individual owner; builders certificate; carving note; the application for a distinguishing signal of the international code, for the purpose of making known the ship's name at sea; certificate of survey; the tonnage formula; and the certificate of registry itself.

If honourable members want these forms to circulate, in order to see what it is all about, I have them here. There is also a one-page declaration for the licence.

Mr. CARTER: Mr. Chairman, these deductions under clause 3 will lower the net tonnage of ships, is that right?

Mr. LANGLOIS (*Gaspé*): We are on clause 2 now, Mr. Carter.

Mr. CARTER: We are on clause 2; I am sorry.

Mr. NIXON: Is it all right to say "carried" now?

Mr. GREEN: Are you going to go through the bill and then come back to clause 2?

The CHAIRMAN: We thought we could carry clause 2 now, after all the explanations of the parliamentary assistant have been made, and if they are satisfactory.

Mr. GREEN: I would suggest that you let that clause ride until we go through the other clauses.

The CHAIRMAN: Let us go on to clause 3 and get somewhere.

Mr. CARTER: May I continue? These deductions will lower the net tonnage of a ship?

Mr. LANGLOIS (*Gaspé*): That is a fact.

Mr. CARTER: It says over here, "to any ship the keel of which is laid after the coming into force of this section...", it will not apply to ships already in existence?

Mr. LANGLOIS (*Gaspé*): It could be done under an application.

Mr. CAVERS: It is in the paragraph.

Mr. CARTER: And if the ship owner wants to reduce the net tonnage he can apply to have his ship re-measured?

Mr. LANGLOIS (*Gaspé*): Provided he complies with all the provisions. Paragraph 4 (b) says:

"If the owner has made a request in writing..."

and so on.

Mr. GREEN: That would enable him to change the registered net tonnage?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. GREEN: Once the bill becomes law?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. CARTER: I am thinking in terms of a person or a ship owner who has a ship, say of 165 tons; that ship is subject to inspection every year.

Mr. LANGLOIS (*Gaspé*): What is the tonnage again?

Mr. CARTER: Say 160 tons or 165 tons.

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. CARTER: If, by re-registering, he can reduce his net tonnage to 150 tons, then he gets inspected every four years, is that right?

Mr. LANGLOIS (*Gaspé*): That is right.

That is net tonnage—we reduce only the net tonnage here.

Mr. CARTER: Yes.

Mr. LANGLOIS (*Gaspé*): Whilst the provisions regarding the inspection every year, or an inspection every four years, are based on gross tonnage.

Mr. CARTER: I am sorry; I was not clear on that.

Mr. LANGLOIS (*Gaspé*): So there would be no change in that respect.

Mr. CARTER: No change in that.

Mr. GREEN: What associations requested this change?

Mr. LANGLOIS (*Gaspé*): As I said this morning, it was requested first by the British government, because in accordance with the terms of the Commonwealth Merchant Shipping Agreement we must have the same tonnage measurements as they have in the United Kingdom and the other Commonwealth countries. Regarding the individual organizations which have requested this change, I said this morning that we had received such requests from Canadian Vickers Limited; from Imperial Oil Limited; and from the Canadian Shipbuilding and Ship Repairing Association.

The CHAIRMAN: Any further questions on clause 3.

Clause 3 agreed to.

On clause 4—Repeal.

Mr. LANGLOIS (*Gaspé*): In connection with clause 4, the provisions of section 112 are going to be covered under the regulations which are going to be made under section 109. That is why we are repealing this section 112.

Mr. GREEN: Can we have an explanation as to just how sections 107, 108, and 109 function? Those are the provisions governing licensing of small vessels. Could we have an explanation of how they function?

Mr. LANGLOIS (*Gaspé*): As you see in the explanatory notes of the bill, section 112 reads:

> Whenever the property in a ship or vessel so required to be licensed passes wholly into new hands, the master or the new owner or managing owner, or one of the new managing owners, if there are more than one, shall, within one month after such change of ownership as aforesaid, take out a new licence at some port or place in Canada, and, upon receiving the same, shall deliver up the former licence, if in his possession, to the chief officer of customs at such port or place.

This is going to be covered by regulations made under section 109. You see, section 112 was kept in the statute until such time as we made regulations under 109. Mr. Green, you have before you the licensing forms. You can see there at the bottom of the page the regulations regarding the licensing of small vessels followed by the bill of sale. Have you got these forms, Mr. Green?

Mr. GREEN: Yes.

Mr. LANGLOIS (*Gaspé*): You will see there regulations 7 and 8.

Mr. GREEN: Section 109 gives the governor in council the power to make regulations:

(*a*) providing for the licensing of vessels equipped with detachable motors;

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: And then (*b*):

Providing for the licensing of vessels maintained or operated in Canada by a person who is not qualified to own a British ship,—

—which would not be pertinent to our discussion. Section 109 (*a*) appears to be the main one covering the licensing of vessels?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: And it is restricted to vessels equipped with outboard or detachable motors. Now, where is the power given to license small vessels that do not have detachable motors?

Mr. LANGLOIS (*Gaspé*): If you refer to section 107. You have there the section on licensing of small vessels.

Mr. GREEN: That is for vessels and ships within the meaning of this part:

. . . that is employed in or owned for the purpose of fishing, trading or carrying loads of any kind . . .

That does not appear to apply to pleasure craft at all, is that right?

Mr. LANGLOIS (*Gaspé*): It applies to all licences, no matter the type of the boat.

Mr. GREEN: It says: "Employed in or owned for the purpose of fishing, trading or carrying loads of any kind in any of the waters of Canada . . ." Now, is that the section under which you would license small pleasure craft which do not have detachable motors?

Mr. LANGLOIS (*Gaspé*): That is the section under which all ships that are not required to be registered can be licensed. This is the main section for the licensing. You have to read section 107 in connection with section 108 which reads:

The master, owner, managing owner, or one of the managing owners, if there are more than one, of every ship exempted from the provisions of this part relating to measurement and registration shall also take a licence from the chief officer of customs at some port or place in Canada.

That covers all types of ships.

Mr. GREEN: I see.

Mr. LANGLOIS (*Gaspé*): And then we have the power to make regulations under section 109.

Mr. GREEN: Where is the provision releasing from measurement and registration? Which is the section of the act that does that?

Mr. LANGLOIS (*Gaspé*): That is section 8.

Mr. GREEN: Section 8, the section we were considering this morning?

Mr. LANGLOIS (*Gaspé*): Yes, which we considered this morning. There was an amendment to it.

Mr. GREEN: Then in the case of these vessels that are licensed under sections 107, 108, and 109, the only information taken is this declaration form, which has been distributed to us?

Mr. LANGLOIS (*Gaspé*): That is quite correct.

Mr. GREEN: It reads: "I, the undersigned..." and then the residence and the province and so on. Then the declaration is as follows: "I am entitled to have a licence for the outboard motor, inboard motor, auxiliary sail..."

three types of vessels, and located at such and such a place, "for which the following are particulars: length; breadth; depth; registered tonnage—approximately; particulars of engine; maker's name; engine number; cylinders—H.P.; particulars of owners" and then other particulars required. That is all the information that the department will get about all of these ships?

Mr. LANGLOIS (*Gaspé*): No, besides this there is the information we get from our inspectors when the certificate of inspection is issued; the boats will have to be inspected. They are subject to inspection.

For ships under five tons, we do not have a regular inspection certificate, but our inspectors make spot checks, and the R.C.M.P., I am told, cooperate with our inspectors in that respect.

Mr. GREEN: Passenger vessels under five tons and cargo boats under fifteen tons?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: They do not have any regular inspection. Now, what about the vessels that are neither passenger vessels nor cargo vessels? What inspections —

Mr. LANGLOIS (*Gaspé*): It is spot checking.

Mr. GREEN: I beg your pardon?

Mr. LANGLOIS (*Gaspé*): It is spot checking by our own inspectors, and by the R.C.M.P. officers.

Mr. GREEN: There is no regular check, but they check the boat at one time or another, is that right?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: And in respect to all these ships that are to get a licence, as distinguished from getting a registration certificate, this declaration form 1503 contains all the information that the department will have about that ship, is that right?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. GREEN: There is none of that information entered on any register at all?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. NESBITT: These two very brief questions: on that form used for licensing, at the very top it has the port number and the licence number of the customs office. In what way would the port number differ from the customs office? Because those customs offices, to all intents and purposes, are the port of registry, are they not?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. NESBITT: What is the differential between the two?

Mr. LANGLOIS (*Gaspé*): I am told that the two first figures are the port number and then the letter.

Mr. NESBITT: That is sort of a code?

Mr. LANGLOIS (*Gaspé*): Yes, it is a code we have.

Mr. GREEN: Just another question about these licensed vessels; do they have to be transferred in any particular form? I ask that, because where you have a registered vessel it can only be transferred by the form prescribed by the act.

Mr. LANGLOIS (*Gaspé*): It is not compulsory. It is suggested only at this stage.

Mr. GREEN: What about the mortgage on one of these small licensed vessels as distinct from a registered vessel?

Mr. LANGLOIS (*Gaspé*): You cannot register a mortgage unless your ship is registered.

Mr. GREEN: There is no provision for registering a mortgage against a licensed vessel?

Mr. LANGLOIS (*Gaspé*): No.

Mr. GREEN: It would have to be mortgaged in just the same way as you might mortgage, say, a horse, or a cow, or an automobile?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. GREEN: Under the provincial law in the ordinary way as a chattel mortgage?

Mr. LANGLOIS (*Gaspé*): Yes, if the owner wants a marine mortgage he would have to register the ship.

Mr. BARNETT: I am wondering what part of section 109 gives the governor in council power to make regulations which are equivalent to those under section 112, which we are deleting. I am wondering, since we are taking out section 112, whether we should not include a subsection in section 109 giving the governor in council power to make regulations covering the transfer of licences. Or is there some other clause in this bill which would cover that situation?

Mr. LANGLOIS (*Gaspé*): We consider that subparagraph (*a*) and subparagraph (*e*) cover the point.

Mr. BARNETT: What about subparagraph (*g*)?

Mr. LANGLOIS (*Gaspé*): Yes, subparagraph (*g*) partly covers that also.

Mr. BARNETT: I cannot see how subparagraphs (*a*) or (*e*) cover the transfer of licences.

Mr. LANGLOIS (*Gaspé*): I beg your pardon.

Mr. BARNETT: I cannot see how subparagraph (*a*) or subparagraph (*e*) of section 109 cover that point, though I see that subparagraph (*g*) might have some effect.

Mr. LANGLOIS (*Gaspé*): Subparagraph (*e*) prescribes the vessel or classes of vessels to which section 107 or 108 will not apply, and subparagraph (*a*) provides for the effect of carrying out the licensing provisions of this part; so it is all inclusive.

Mr. BARNETT: As I understand it, section 112 of the act as it now stands makes specific provision that within a certain time—

Mr. LANGLOIS (*Gaspé*): That is only for the change of ownership. I do not know if you have seen this licence—there is even a form of transfer included in the licence itself. Perhaps Mr. Green could pass his copy over to you. The form is included in it.

Mr. BARNETT: If we take away the legislative authority for the regulations in respect to changes in section 112 which this amendment proposes, are we satisfied that section 109 gives us the authority to make these changes of ownership?

Mr. LANGLOIS (*Gaspé*): Yes sir and our legal advisers advise us to that effect.

The CHAIRMAN: Are there any further questions?

Mr. GREEN: What are the vessels which have been exempted under section 109 from the application of sections 107 and 108?

Mr. LANGLOIS (*Gaspé*): You have it, Mr. Green, on clause 6—page 2 of the small vessels licence.

Mr. HAHN: Has Mr. Langlois any of those licence applications which he could pass around?

Mr. LANGLOIS (*Gaspé*): The number is limited. I have two more copies here. I have three copies.

Mr. GREEN: What changes is it intended to make under these regulations, when this bill becomes law?

Mr. LANGLOIS (*Gaspé*): Would you mind waiting, Mr. Green, until we reach clause 27 when this question can arise.

Clause 3 agreed to.

On clause 4—Repeal.

Clause 4 agreed to.

On clause 5—Return of vessels licensed.

Mr. LANGLOIS (*Gaspé*): The present section places an excessive work-load on customs officers at prescribed periods. The amendment is designed to permit returns to be made in a different manner, to distribute the work over the year and to permit more regular checking in the department. The present section results in the placing of an excessive amount of work on customs officers at the prescribed periods. You will notice, reading the section, that there is a prescribed period during which these returns must be made. The amendment is designed to permit returns to be made in a different manner and to distribute the work over the year and permit more regular checking in the department. It is only a routine matter.

Mr. GREEN: Apparently the department is no longer going to require an annual return.

Mr. LANGLOIS (*Gaspé*): No, not at a fixed date. It will be at the direction of the minister. I am informed that the returns are going to be sent at regular intervals.

Mr. GREEN: The explanatory note says that annual returns are no longer required. Is it a fact that we are doing away with the need for annual returns?

Mr. LANGLOIS (*Gaspé*): They will be sent daily as they come in, instead of being sent on a fixed date. Section 113 reads:

> Every officer of customs authorized by this part to license ships and vessels, shall, on or before the 1st day of February in each year, make and forward to the minister a return in such form, and containing such particulars as the minister, from time to time, directs, of all ships and vessels licensed by him during the year ending on the 31st day of December then past.

Mr. NESBITT: I do not know whether it would be better to ask this question now or when we reach clause 27, but in view of this contemplated alteration and the more prompt filing with the department in Ottawa of the licences, is it contemplated that there may be licences issued for more types of ships than there are at the moment?

Mr. LANGLOIS (*Gaspé*): It would be better if we dealt with this matter under clause 27.

Clause 5 agreed to.

On clause 6—Sufficient engineers for watch periods.

Mr. LANGLOIS (*Gaspé*): Clause 6—this has to do with engineers on fishing vessels.

> Paragraph (*a*) of the proposed amendment provides for a watch-keeping engineer in a motor-driven fishing vessel of not more than 30 nominal horse-power but more than 15 nominal horse-power to

hold a certificate as watchkeeping engineer of a motor-driven fishing vessel in lieu of a fourth class engineer's certificate.

Paragraph (*b*) eliminates the necessity for a watchkeeping engineer in a motor-driven fishing vessel of not more than 15 nominal horsepower to hold a certificate.

The reason for the above changes is that, in the opinion of the Board of Steamship Inspection, watchkeeping engineers of small fishing vessels should, due to their limited academic training, not be required to pass a technical written examination but should demonstrate a good practical knowledge of the type of internal combustion engines generally used in fishing vessels. This will tend to relieve the fishing industry of the difficulty of obtaining certificated watchkeeping engineers who are familiar with fishing operations.

Mr. LEBOE: Why is the word "steamship" there when apparently this affects boats driven by internal combustion engines?

Mr. LANGLOIS *(Gaspé)*: We used the word "steamship" because it appears in the interpretation section of the act. "Steamship" is defined in the interpretation section of the Shipping Act as "any powered ship". It is all-inclusive.

Clause 6 agreed to.

On clause 7—Prior certificates.

Mr. LANGLOIS *(Gaspé)*: Clause 7 is in connection with section 116 of the act. This amendment deals with the regular certificates of competency, specifically the certificate as master of a small steamship. The present section provides for a lower class of certificate for a steamship under 150 tons. It is considered that the examination now set for this class of certificate is adequate for the navigation of a steamship of under 350 tons gross tonnage.

A mariner may obtain the certificate as a master of a home trade steamship of 150 tons gross as provided in the present section if he has served 48 months at sea and passes an examination in reading, writing and arithmetic; use of magnetic compass; elementary chart work; the use of tide tables, sailing directions and notices to mariners; rules of the road and general seamanship; and signals. On the other hand, if his ship is over 150 tons, he must hold an unlimited certificate for a home trade steamship, which entails first obtaining a mate's certificate and serving for a prescribed period as mate, then undergoing a further examination for master, which requires a knowledge of astronomical navigation involving the use of spherical trigonometrical formulas.

The amendment is designed to permit competent mariners to command small coasting and inland vessels of up to 350 tons gross tonnage without learning astronomical navigation, which is not considered necessary in this class of vessel.

(2) This subsection is to provide that the present holders of certificates for steamships under 150 tons gross tonnage may retain the validity of those certificates or may have them exchanged for the new certificates without further examination.

Mr. HERRIDGE: I am interested in this clause and I want to ask a few questions if this is the proper time. Do I understand that now every master of a vessel must have a certificate, particularly in connection with passenger vessels, but that in some cases the department issues a permit? Would the parliamentary assistant explain in what circumstances a permit is issued to the master of a passenger vessel?

Mr. LANGLOIS (*Gaspé*): These permits are issued under section 137 of the act. I do not know if the committee wants me to read this section, but it gives the minister the power to waive the provision of the act so far as these certificates are concerned. The section provides the machinery for this waiver. I do not think there is anything further that I can add.

Mr. HERRIDGE: I presume the permit is issued under special circumstances?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. HERRIDGE: For how many years is a permit renewed?

Mr. LANGLOIS (*Gaspé*): It is good for a navigation season only and, I am told, sometimes for a single voyage.

Mr. HERRIDGE: For how many years will the department renew a permit for a master who has never taken an examination?

Mr. LANGLOIS (*Gaspé*): I am told it depends on the availability of certificated officers. If it is demonstrated to the minister that no certificated officers can be found, and the circumstances have not changed since the last permit was issued, consideration is given to renewal of the permit.

Mr. HERRIDGE: I am informed by members of the Merchant Seamen's Guild that the department in British Columbia has issued permits for seven years in succession to the master of a passenger vessel while at the same time there were qualified captains available—captains who were unemployed as far as steamship work is concerned.

Mr. LANGLOIS (*Gaspé*): That is why we want to do away with these permits and amend the law now. That is the main purpose—to do away with these permits. I am told that the officials of the department are not aware of the specific case you have referred to, but if they had details they would be pleased to investigate.

Mr. HERRIDGE: I may tell you that at the request of some of the members of the Merchant Seamen's Guild I took this up with your chief steamships inspector some time ago—

Mr. LANGLOIS (*Gaspé*): That was with regard to an inspection certificate.

Mr. HERRIDGE: No, this certificate.

Mr. LANGLOIS (*Gaspé*): It should have been taken up with marine services division.

Mr. HERRIDGE: I did not get any satisfaction, and neither did the members of the guild.

Mr. LANGLOIS (*Gaspé*): The chairman of the steamboat inspection office tells me the matter never reached him. Have you the name of the ship?

Mr. HERRIDGE: I will give you the name of the ships and the man's name.

Mr. LANGLOIS (*Gaspé*): It should be investigated by our marine service division.

Mr. HERRIDGE: If a person is certificated as the master of a passenger vessel can he stay ashore and let a deckhand run the vessel?

Mr. LANGLOIS (*Gaspé*): Definitely no. I may say in connection with these permits that as a rule we place on the master or owner who makes an application the responsibility for the facts given us, but in most cases we also check with the guild to find out if the facts as represented to us are accurate.

Mr. NESBITT: In the examination from which Mr. Langlois has read, I think I got most of it, but I was not sure of number two. Is there any examination required with respect to the upkeep and maintenance of the ship?

Mr. LANGLOIS (*Gaspé*): Oh yes. Part of the examination has to do with what we call seamanship, and it includes construction, maintenance and so on.

Mr. NESBITT: Is there any part of the examination which requires at least a cursory experience in the handling of automatic aids to navigation such as long range navigation like LORAN?

Mr. LANGLOIS (*Gaspé*): Yes, you mean radar and so on. They also have to have a knowledge about stability problems, gyro-compasses and so on.

Mr. HERRIDGE: I have one more question. How long would the department continue to issue permits to masters of passenger vessels without requiring them to take an examination?

Mr. LANGLOIS (*Gaspé*): As long as we have section 135 in the act the minister will have the power to exercise this waiver.

Mr. HERRIDGE: In other words, indefinitely. I have one more question.

Mr. LANGLOIS (*Gaspé*): I am told we are getting to the point where these permits will be cut off within a very reasonable period of time completely. That is why we seek an amendment to the act in order to make it a little easier for those who do navigation only in sight of land, what we normally call pilotage. We shall in this case require an experienced mariner to know his trade completely; he should have spent a number of years at sea. We would not require of him in addition to take a complicated examination in astronomical and celestial navigation and the use of the sextant. But if he lacks a primary education he is absolutely precluded from taking a very complicated examination and he has no hope of ever becoming a certificated officer. That is why he has to come to us and ask for a permit when there is no certificated officer around.

Mr. HERRIDGE: I understand that. Does a vessel or vessels operated by the provincial government come under the terms of the Shipping Act in respect to crew and inspection of the vessel itself?

Mr. LANGLOIS (*Gaspé*): Registration is not compulsory with crown-owned ships. As soon as they comply with the registration requirement they have to comply with the requirements of the whole act.

Mr. HERRIDGE: You mean the requirements under the Shipping Act with respect to licensed personnel?

Mr. LANGLOIS (*Gaspé*): Yes.

The CHAIRMAN: Are there any further questions on clause 7?

Mr. CARTER: There is a problem in my riding and one which is fairly general in Newfoundland, about the certification of masters. Prior to confederation our government did not require a master of a coast-wise vessel to take a written examination. But when we came under confederation we became subject to these regulations and now we are handicapped in this way that we have certain competent men who have had years and years of experience as masters of ships and who are capable of taking an examination, and they have all the qualifications, but they cannot get a certificate because they wear eye glasses.

Mr. LANGLOIS (*Gaspé*): There is an eye test they have to take, and they also have to take a colour test.

Mr. CARTER: I can understand that if it were made applicable to everybody, but we all know that as we become older our eyesight becomes impaired and we have to wear glasses. There are so many captains—I suppose 70 per cent of captains of vessels who are over 50 years of age wear eyeglasses. The only difference between those fellows is that they do not get by their examination if their eyesight is impaired. But their eyesight is practically or just as good as that of the ordinary captains or master of a ship. It imposes a terrific handicap on some of our shipowners because they have to employ two captains, a captain who has no glasses, to comply with the regulations, and they have to keep some man on because he probably conducts the business of the ship and the landing of the cargo, and works with the agent. In fact, some of those skippers own their own boats yet they have to employ a captain after sailing their own ships for, let us say, twenty years.

Mr. LANGLOIS (*Gaspé*): You have a point there, and we are ready to look into it in the light of what you have told us. Anyway, this would come under the regulations.

Mr. CARTER: I would like to have the problem investigated because it is a real one in my riding.

Mr. LANGLOIS (*Gaspé*): We shall investigate it.

The CHAIRMAN: Are there any further questions?

Mr. BARNETT: Do the present regulations call for a person taking an examination and being able to pass an eye-test without glasses? Is that the normal thing? It is not like when you apply for an automobile driver's examination where you are restricted if you wear glasses?

Mr. LANGLOIS (*Gaspé*): They have to pass an examination without glasses under the present regulations.

Mr. HAHN: Does it not also apply to colours?

Mr. LANGLOIS (*Gaspé*): I said they would take in addition to the eye-test a colour test. We cannot waive the colour test requirements because they have to be able to distinguish between green, red, and white lights. That is very important and we cannot do away with it.

Mr. HAHN: Provided that your ability to see colour is all right.

Mr. LANGLOIS (*Gaspé*): We cannot do away with the colour blindness requirements.

Mr. CARTER: I was not asking about that, but just in the case of ordinary sight.

The CHAIRMAN: Does clause 7 carry?

Mr. GREEN: How many vessels are affected by this change from 150 to 350 tons?

Mr. LANGLOIS (*Gaspé*): Roughly, 200 vessels.

Mr. GREEN: Do you know how that number of vessels is divided?

Mr. LANGLOIS (*Gaspé*): I am sorry but we do not have a break down between the east coast and the west coast if that is what you have in mind; if that is the break down you want.

Mr. GREEN: If there are only a few of them, then why is it necessary to relax the regulations?

Mr. LANGLOIS (*Gaspé*): If we have to issue 200 permits for those 200 vessels, then it would mean 200 permits less to be issued. And they will have to qualify in basic navigation, but we tell them "You are not going to have to take up the use of the sextant and to learn about logarithms", because their education just prevents them from understanding these things. When you act as master of a ship in sight of land you cannot even use your sextant, because in order to use a sextant you must have a natural horizon, there ought to be no mountains and no land in between. So what is the use of asking them to take up these extensive studies if they are prevented by their lack of basic education, and if they are never to put them into use anyway?

Mr. GREEN: Hitherto the provision has been that they could become masters of a ship of less than or up to 150 tons but now you are changing that and making the licence applicable to a vessel up to 350 tons; in other words you are putting these men who have these limited qualifications in charge of bigger vessels. Why is it necessary to do that? That is what I cannot understand. Why relax the regulations? Why relax the provisions of the act in that way?

Mr. LANGLOIS (*Gaspé*): You see today we are called upon to issue these permits, to which so many object, to experienced men in charge of ships between 150 and 350 tons. If we say "No, you are going to have to pass an

examination. Well, we are knocked off, we are putting aside a number of good mariners who have spent all their lives at sea and who know the waters in which they are going to ply—they know them by heart.

Mr. GREEN: Apparently today you have men handling these ships of up to 150 tons and who have limited qualifications. They must have known right along that they could only command a ship up to 150 tons. But now, for some reason or other, you are making it possible for these men to step on to ships which are over twice as large. Surely that cannot be because you have been issuing permits hitherto to these masters to do that sort of thing; why is it necessary now to open up the classification so widely that these men can take command of ships which are twice as large as they were qualified to command without this bill being passed?

Mr. LANGLOIS (*Gaspé*): This amendment is based upon the experience we have acquired over a number of years. We have come to the conclusion that we should not make it compulsory for those who have had the experience which I just mentioned, to take a severe examination when they can do it with a lesser examination. It is my understanding that in England they have no such requirement or such an examination for ships plying in home waters only.

Mr. HAHN: What do the American regulations call for in that respect?

Mr. LANGLOIS (*Gaspé*): I do not know and our officers do not know, but for myself I think that they have about the same regulations that they have in England, that is, they have no certificates for ships plying in home waters, but I do not want the committee to take that as the gospel truth.

Mr. GREEN: Is it not possible for us to train a young man to become a master mariner who can qualify for a master's certificate? It seems to me that this is a backward step to take to reduce the qualifications. Surely the young men coming along now can get sufficient additional training to be able to qualify under the present law to command a ship of over 150 tons.

Mr. LANGLOIS (*Gaspé*): In doing this we are aware that we would be imposing a stiff penalty on those older mariners who have all the necessary experience and who have been plying these waters for years, and who surely would know more about what they are doing than a young man who is just coming along even if he has a certificate in his pocket.

Mr. GREEN: How are the old mariners being penalized? They have already the power to command a ship up to 150 tons. They have never expected to command a ship of any bigger size. How are they being penalized if you do not increase the size of the ship which they may command?

Mr. LANGLOIS (*Gaspé*): In Newfoundland we have hundreds of these old sailors who had never been compelled to take certificates before the Union with Canada. Now they are coming under Canadian laws. If we ask them to take these examinations we are in effect putting them ashore for the remainder of their days.

Mr. GREEN: These men, at the present time, presumably are commanding vessels up to 150 tons.

Mr. LANGLOIS (*Gaspé*): We have been issuing permits with the hope that with time these men will be able to qualify; but we have come to the conclusion now, through our experience, that we can never expect them to qualify.

Mr. GREEN: How many are there in that category?

Mr. LANGLOIS (*Gaspé*): About 200 vessels would be affected.

Mr. GREEN: That number will be coming down each year. Why not issue permits rather than lower the whole standard all over Canada?

Mr. CARTER: I think, Mr. Chairman, that there is another side to this question. The 150-ton ships are disappearing because they are not economical ships; they are being replaced by larger ships. If you relegate those captains to ships of that size—150 tons—they will have to say ashore anyway.

Mr. HAHN: Could the same thing not have been done by having the present day 150-ton regulation apply except in the case where a licence has heretofore been granted to a mariner?

Mr. LANGLOIS (*Gaspé*): In connection with these men who are qualified to command a ship of 150 tons, you have to bear in mind that we are dealing with owners who are acting as masters themselves, who built their own boats, it is family concern. These men when the time comes to renew their ships they want to keep them below 150 tons, since we are restricting them in the size of their ships, because for a ship over 150 tons they need a certificate. I do not think that it is a wise policy to carry on with this while we know that they do not have to have all this knowledge which we are forcing them to learn in order to get a regular home trade or minor waters certificate. They will never use that in their daily life and in the handling of their ships. We say, "Why force these men out of their trade and put them ashore for the remainder of their days." They are good mariners, they can take less stiff examinations and we will still have the same standard of security.

Mr. HAHN: Mr. Chairman, this is one of the only times I can recall where it has been found desirable, apparently, to cause us to have a lower certification for anything. Teachers require a higher certification in order to carry on in the teaching profession, and other professions likewise. I consider shipping a profession, if not in the true sense. I cannot see why, if you keep the 150 tons in the clause, that you could not make a proviso that heretofore where mariners had been in operation of these vessels that they be granted permission to continue during their lifetime. By doing so you would be causing others to enter the field and to get the certificate which is possibly necessary, not at the moment but if we are to have increased tonnage. I will not take Newfoundland as a specific example; take British Columbia, why should not the mariners who wish to operate vessels make it a point to get that qualification? They would be repaid in some manner at a later date through their knowledge and experience which they have gained, either by becoming captains or by being given larger vessels, or in some other way.

Mr. LANGLOIS (*Gaspé*): Possibly, Mr. Chairman, I could add this. It was in 1948, I think, that we extended the limits of our home trade right down to the sixth degree of northern latitude, and as a result of that and as a result of technological improvements we have had to raise our standards for the regular certificates. But we have come to the conclusion that it was not wise to ask the master of a ship plying only along the shores in sight of land to take these more complicated examinations and thereby learn something which he will never use. That is one of the main reasons why we have decided to lower these requirements for this category of certificates.

Mr. GREEN: You are lowering the requirement.

Mr. LANGLOIS (*Gaspé*): I must tell you that, as far as I myself am personally concerned, and I do not claim much experience except that I have been connected with boats ever since I have been able to walk, the requirements which we have for these lesser certificates are coming close to what the regular certificates were thirty years ago.

Mr. CARTER: Mr. Chairman, I think we should understand that if we are to impose these examinations on a master that the ship is no better off. The master would not be a better navigator in coastal waters and it would not

make him a better captain. As a matter of fact, most of this is just local knowledge. For instance, the captain knows the headlands and where the rocks are, and no amount of book-learning can do that; but, on the other hand, by imposing these regulations we are imposing a much higher standard than Britain demands in her home waters.

Mr. BYRNE: This section does the very thing that Mr. Hahn is suggesting. It is only for prior certificates. It takes care of anyone who had a certificate and does not say anything about the new mariner.

Mr. GREEN: Yes, it does, because it provides that from now on anyone who gets that certificate can command a ship of 350 tons instead of a ship of 150 tons.

Mr. BYRNE: But he must have been a mariner.

Mr. GREEN: No. It goes on in clause 7 to say that the man who has a certificate for a 150-ton ship shall automatically be qualified for a 350-ton ship.

Mr. NESBITT: Possibly we might remember that here we are dealing with gross tonnage which is related to cargo-carrying capacity and that new ships are being built, such as diesels, and that a ship of 350 tons is not anything like twice the size of a ship of 150 tons; it may be somewhat larger in that it may have a larger volume of cargo-carrying capacity because of the difference in size of the engine and that sort of thing, but not the difference which might appear here from the account we have had.

Mr. BARNETT: I gathered from the evidence which has been given before the Senate committee by Mr. Baldwin that this change had been made because of the conditions which applied on the Atlantic coast. I think those of us from the Pacific coast should be entitled to get before us a clear picture of just what are the implications of this change in respect to the British Columbia coast. By and large our coastal shipping is not operated by people who own their own vessels. Therefore, the question which I would like to ask is, as a result of this change, will large shipping companies presently operating on the west coast be able to employ masters in the coastal trade with lower qualifications than heretofore? What is going to be the long range effect of this? Are wo going to have a lower grade of certificate for masters operating our coastal ships in British Columbia, shall we say, when the present masters who are now operating those ships retire?

Mr. LANGLOIS (*Gaspé*): I do not think so. You must bear in mind that a ship of 350 gross tons is a ship of about 150 feet in length, and that the amendment applies only to that class of ship.

Mr. LEBOE: Mr. Chairman, have you had any representations from these unions? These men must have a union or a guild.

Mr. LANGLOIS (*Gaspé*): No. We have had no representations from the unions, but we have had representations from owners and from one of their associations to that effect.

Mr. GREEN: Just who have you had a representation from?

Mr. LANGLOIS (*Gaspé*): From various owners on the east coast and Newfoundland. The association is the St. Lawrence Ship Owners Association.

Mr. GREEN: What was the effect of the representations?

Mr. LANGLOIS (*Gaspé*): That the tonnage be raised, and they went as far as 400 tons.

Mr. GREEN: It does exactly what Mr. Barnett has suggested. Once this goes through, a company having a vessel of 350 tons can put on a master with a lower certificate than they can at the present time.

Mr. LANGLOIS (*Gaspé*): I do not think that the St. Lawrence Ship Owners Association represents any company-owned ships; the ships are all owned by master-owners themselves.

Mr. GREEN: That is something which can be done by a company having vessels from 150 to 350 tons. At the present time they have to come in the first category, that is for steamships; but once this bill becomes law they can replace those masters with masters having lower qualifications.

Mr. LANGLOIS (*Gaspé*): I wish to remind the committee that, although we are going to have a less difficult examination for the masters they will be as competent as they are today. Let me emphasize again the subject matter of the examination which will be taken. There will be an examination in reading, writing, arithmetic, use of the magnetic compass, chart work, the use of tide tables, sailing directions, notices to mariners, seamanship and signals. That covers pretty well everything that a good sailor ought to know.

Mr. CAVERS: Mr. Chairman, is this not a more practical course for actual seamanship than a course which would deal with the operation of certain instruments which would not be used at all in the coastal trade?

Mr. GREEN: Surely you are not suggesting that the "B" certificate is better than the "A" certificate.

Mr. CAVERS: It is possibly more practical.

Mr. LANGLOIS (*Gaspé*): I can tell you that there is not a great deal of difference between these certificates and the regular certificates which were issued some twenty-five or thirty years ago, because we have raised the standards quite extensively.

Mr. GREEN: That may be, but there is far more shipping on the waters now.

Mr. LANGLOIS (*Gaspé*): The largest shipping nation of the world has no special regulations. There is no certificate required in the United Kingdom in their home waters.

Mr. GREEN: Their home shores are better than ours.

Mr. LANGLOIS (*Gaspé*): I have been in the home waters of Great Britain during the war and they are as bad as ours if not worse.

Clause 7 agreed to.

On clause 8—

Mr. LANGLOIS (*Gaspé*): Clause 8 is a mere consequence, as you would see, from clause 6 of the bill, regarding the engineers on fishing vessels. It is merely a consequence of the amendment which we have just carried on clause 6.

Clause 8 agreed to.

On clause 9—"Masters of home-trade, inland waters or minor waters vessels".

Mr. LANGLOIS (*Gaspé*): Clause 9 has to do with section 119 regarding the certificates of service.

As the Canada Shipping Act has been amended from time to time, requiring certificated masters on vessels which had not previously come within this requirement, certificates of service were provided.

These certificates were granted to mariners who, by actual practice, had demonstrated their ability to operate their vessels but who by lack of education would not be able to obtain certificates of competency. A mariner who applied for a certificate of service was required to supply evidence of his service and pass a simple examination comprising the eyesight test, an oral examination in the fundamentals of the rules of the road, and in the case of a home trade vessel, certain one-flag signals of the international code of signals.

There has always been an understandable reluctance on the part of many of the mariners concerned, particularly the older men, to appear before an examiner and many of them have not obtained their certificates before the expiration of the time limit.

The department is sympathetic with these good seamen, particularly in Newfoundland and the St. Lawrence, whose lack of education causes them to fear any sort of examination. It would be unthinkable to stop their employment in the only occupation which they have followed all their lives and it is hoped by a gradual educative process eventually to have them all hold certificates of service. In the meantime, the powers of the Minister of Transport, under section 137, have been used to permit them to continue to act as master on the grounds that provisions of the act are substantially complied with.

The amendment is designed to eliminate the time limit so that the gradual process may take effect and at the same time to raise the tonnage to 350 tons to keep the class of vessel in line with the amendment to section 116.

It may be remarked that a certificate of service is not valid on a vessel carrying passengers or on a tug. The reason for its being limited to cargo vessels is obvious, and with regard to a tug, it may be noted that a tug is defined in section 2 (10) as a steamship used exclusively for towing purposes. This is specialized work for which a special certificate is already provided, and it is not considered desirable to extend to tugs the validity of the certificate of service.

Subsection 2 of the amendment provides for the continuing validity of the present certificates and for the substitution therefor of the new certificate.

Mr. GREEN: Mr. Chairman, that goes even further than the clause we were discussing a few moments ago. As section 119 reads at the present time, it applies only to men who have been masters of sailing vessels. It reads:

> 119. Every British subject who
>
> (*a*) served as a master of a home-trade, inland waters or minor waters sailing ship of over ten tons, gross tonnage, fitted with mechanical means of propulsion other than steam engines, before the 1st day of January, 1948, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service,...

Now, there was a good reason for a provision of that type up to the 1st of January, 1948. But now we are going right into the widest possible exemption by taking out the reference to a sailing ship, and it will now read: "...served as a master of a home-trade, inland waters vessel..." rather than a sailing ship, and "...of over ten tons, gross tonnage, ...for a full period of twelve months within the ten years immediately preceding...".

Now, in the first place that master should not have been serving in that capacity. I do not know how he could serve if he did not have a certificate. If there are a handful of older men who should be permitted to continue as masters, cover them by permit rather than by making such a wide open exemption as is written into this section. Here again, they are increasing from 150 tons to 350 tons the size of the vessel that he can command. The new section seems to be an entirely different type from the existing section. Surely there cannot be any reason to make a change of that kind?

Mr. LANGLOIS (*Gaspé*): Mr. Chairman—

Mr. GREEN: By the way, the minister said in the house, at page 5558 of Hansard:

> When the existing provision was made a time limit was included, and it was thought that the time provided would suffice to allow all interested seamen to become properly certificated.

That would be up to 1948, and that is nine years ago. And then he had this to say:

> The amendment proposed in clause 9 of the bill gives the provision a continuing effect and widens its scope.

It certainly does.

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. GREEN:

> It is hoped that in time, by a process of persuasion and education, all our domestic shipmasters will eventually become properly certificated under the act.

There is no incentive for them to become certificated if they can get the qualification under this section 119. Surely, there is no need now for a widened provision of that type?

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, all that I have said in connection with clause 7 applies equally to this one. You must bear in mind that we are dealing with a man who has served as a master of a ship. If this man has served as a master on either home-trade, inland waters, or minor water vessels of ten tons and over, gross tonnage, he has the necessary qualifications. He has come from the deck up to the wheelhouse and he has taken charge of the ship for at least twelve months. He is qualified under the act.

Mr. GREEN: How could he do that without having a certificate in the first place?

Mr. LANGLOIS (*Gaspé*): That is exactly what was considered in the certificate of service which we instituted in 1948. It is to take care of these mariners who have been at sea for a long period of time, who have worked their way up from the lower deck, and who have shown from experience their ability to handle a ship. We will say, "After twelve months as master, you are entitled to a certificate of service". Now, what we are doing is that we are extending this, by first removing the ten year limit that we had imposed in 1948, and which expires in 1958, and then we are putting their certificate of service in the same class as the certificate under clause 7, by raising the tonnage from 150 gross tons to 350 tons.

Mr. Green remarked, and quite rightly, that we had taken out of the text of the original section the words, "sailing ship". We did that because sailing vessels have been out of existence for a good many years, and that expression serves no particular purpose in the wording of the section any more, because these men have gone through these years of experience, not on sailing vessels, but on auxiliary vessels—on motor-ships.

Mr. GREEN: But your new section does not say "served as a deck-hand".

Mr. LANGLOIS (*Gaspé*): "Served as a master".

Mr. GREEN: It says "served as a master".

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: For a full period of twelve months. Now, how could he serve as a master without having the certificate of a master? That is what I would like to know.

Mr. LANGLOIS (*Gaspé*): Well, to serve as a master—

Mr. GREEN: I beg your pardon.

Mr. LANGLOIS *(Gaspé)*: To serve as a master he must have started as a deck-hand and worked his way up.

Mr. GREEN: We have many men who have done that on the west coast. They started out as as deck-hands, and they stayed and took their examinations, and finally became masters. That is a very desirable thing to have done. But, I cannot see the need of a provision of this type, because the act says he must have served as a master for twelve months. Now, how could be possibly serve as a master for twelve months without having the certificate of a master? If he has served as a master then he does not need this special provision.

Mr. LANGLOIS *(Gaspé)*: This clause was designed, as I said in my remarks in the house, particularly to cover cases in Newfoundland where, before the act of union, there was no certificate required to command a ship in home waters. These men, through the act of union, came under Canadian law, where it is stated they must have a certificate. It is to cover these cases—to cover the cases of these Newfoundland mariners, who have spent their lives at sea. In 1948 we created this certificate of service. But, we are going now to eliminate the ten-year period during which they can obtain this certificate of service, and also increase the tonnage to 350 tons, also imposed in 1948.

Mr. JOHNSTON *(Bow River)*: Mr. Chairman, may I just say a word here at this point? I am not a sailor—that is the thing to start out with. But, the minister expressed the hope, when he spoke in the house the other day, and Mr. Green has just quoted it again to bring it to our memories, that in time all these masters would qualify with the same certificate as those who will be required to qualify in respect to vessels over 350 tons, under this bill. Now, if it is the parliamentary assistant's hope that in time they will be able to qualify in order to carry on their work the same as a man who will now qualify in respect to the over-350 category, then I think he is going at it in the wrong way. I think what should be done here, if I can follow the parliamentary assistance as I think I can—what he is trying to do here is put a part in the act which would permit the people of Newfoundland, who have carried on the practice of sailing all their lives, to be placed in the position whereby they will not be thrown out of employment, but will be given the opportunity to operate their ships under this regulation. Because if they cannot qualify, if they have not the education or requirements, then I think what should be done, as has been suggested here before, is to give these men an interim certificate. Otherwise, if you are going to make this applicable to all generations coming up, then the people who you are—

Mr. LANGLOIS *(Gaspé)*: It cannot be—it is impossible, because you have—excuse me for interrupting.

Mr. JOHNSTON *(Bow River)*: Yes, go ahead.

Mr. LANGLOIS *(Gaspé)*: You see, if you read this provision, under section 119, he would have to serve as a master first during twelve months before he could apply for this certifivate. So, a young man coming along now will have to obtain a certificate. That is why we say we hope they will all qualify. That is why we have lowered the standards of the certificates under the other clause we have just carried.

Mr. JOHNSTON *(Bow River)*: The new fellows will have to comply with the lower standards?

Mr. LANGLOIS *(Gaspé)*: With the ones we have just passed in connection with—

Mr. JOHNSTON *(Bow River)*: Clause 7?

Mr. LANGLOIS *(Gaspé)*: Clause 7.

Mr. JOHNSTON *(Bow River):* But that is a lower standard than that they will have to have in order to master a ship over 350 tons?

Mr. LANGLOIS *(Gaspé):* Yes, that is right.

Mr. JOHNSTON *(Bow River):* What you are saying to me now is: he will have to qualify for lower standards in order to get the certificate?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. JOHNSTON (*Bow River*): You expressed your hope in the house the other day that all of these fellows would qualify for the higher standards.

Mr. LANGLOIS (*Gaspé*): You see, what we are doing—I am afraid there is a misunderstanding there somewhere.

Mr. JOHNSTON (*Bow River*): I understand that you are drawing up this in the bill so that there will be a lot of people, particularly in Newfoundland,—and I am not objecting to their having employment—so a lot of people in Newfoundland will not be thrown out of employment. They might be good men, as you say—and no doubt they are because of their training, from the ground up. If you are going to desire that in the future, as you expressed yourself in the house, all these men—the new fellows coming up—will attain a higher standard of training, you will not get it under this legislation, because they are all going to be satisfied with the lower standards for conducting ships under 350 tons compared to those over 350 tons.

Mr. LANGLOIS (*Gaspé*): I think we must bear in mind that we are dealing, under sections 107 and 109, with two categories of mariners. First we have the existing certificate, which is good up to 150 tons. In clause 7—we say we are going to raise that to cover ships up to 350 tons. Now, we go to clause 9, and we say that those mariners who have no certificate at all, though they have spent their lives at sea—most of them are to be found in Newfoundland—and we say to them: "Since you cannot qualify under clause 7, we will grant you a certificate of a master, provided you take a very rudimentary examination" as described in my previous remarks. That is why we say that we hope in the very near future they will all be qualified, because the younger generation would be certificated under the other procedure. Here we are dealing only with the "old timers" if I may express myself that way.

Mr. JOHNSTON (*Bow River*): Under clause 9, then, a certificate will be issued only to those already in the profession?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. JOHNSTON (*Bow River*): Anyone outside that, except those who are already in actual operation must have a higher certificate?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. GREEN: Why cannot that be covered under the present section as it already exists in the act?

Mr. LANGLOIS (*Gaspé*): What could be covered under that one, Mr. Green?

Mr. GREEN: Apparently for the last nine years you have been dealing with that situation under the present section 119. Why should the situation still not be covered adequately by simply substituting the words 350 tons for 150 tons in the present section 119.

Mr. LANGLOIS (*Gaspé*): Because a 10-year period was mentioned in the previous section.

Mr. GREEN: That would give them to 1958?

Mr. LANGLOIS (*Gaspé*): Yes, there is still about two years to go. Now we want to do away with the limit because, as I said in the house—and I repeated it here today—those old seamen, lacking basic education, are reluctant

to take an examination although we are satisfied that they have all the experience which seamen could ever expect to get, and we do not want to put them ashore.

Mr. GREEN: Under this section 119 they have to take an examination?

Mr. LANGLOIS (*Gaspé*): Yes, but it is a very simplified examination. I said it consists of an oral examination—we cannot ask them to take a written examination because many of them cannot read or write—dealing with the fundamentals, the "rule of the road" and visual one flag signals of the international code of signals. It is a very simplified examination.

Mr. GREEN: Apparently in 1948 the only men you were concerned about were men who had sailed as masters of sailing ships.

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: In 1948 that provision must have covered all the men in Newfoundland who were concerned in this. Why not leave it at that—or has a new group of men come into the picture in the meantime?

Mr. LANGLOIS (*Gaspé*): The 10-year limit is extended—

Mr. GREEN: You could put in a later date. But we are leaving out the reference to sailing ships; this covers the whole of the country, and I suggest you are passing a general law to meet a particular situation, which is very unwise.

Mr. LANGLOIS (*Gaspé*): The changes made here, Mr. Green, are made in the light of our experience. I am sure you will agree with me that in 1948 we had not dealt with the problem in Newfoundland as we have dealt with it since. Now we realize that we have to change the wording because we know how many of these old mariners there are who have had their experience not only in sailing vessels but in auxiliary schooners or small coastal motor vessels, and we find that if these men are to be certificated regularly we have to amend the act in accordance with what we are suggesting. That recommendation is made as a result of our experience in handling this problem in Newfoundland.

Mr. BATTEN: There are three things which might be considered with regard to this, Mr. Chairman. The first is the nature of the coast of Newfoundland. It is no good for a man with a master's certificate to come down and hope to take a small boat of 350 tons around the coast, because he is not going to be able to do it. I venture the opinion that the knowledge he would require is not, possibly, up to the level of a pilot's but he would require experience which can only be gained there over the years. Prior to 1949 we did not have very extensive facilities in Newfoundland for teaching navigation; maybe I should not say this, but I have the opportunity of teaching dozens of them. In the old days, for example, in Newfoundland a man was allowed to take his ship across the Atlantic with very meager qualifications for doing so. He would take the ship out of St. John's, strike the line of latitude on which the port to which he was bound was located, then steer due east on that line until he reached his destination. He followed the same procedure on his way home.

Of course, we cannot agree with this procedure now, but these are the fellows we are talking about, and over the years they have put in so much time around the coast of Newfoundland that they have acquired a great deal of practical experience and have acted as masters. Over the past few years those fellows now going to sea have been taking advantage of the added opportunities available to them by learning navigation and I think the one word that saves this clause is the word "master". This applies to a man who has served as a master, and any fellow who has gone into the trade in the last 10 years cannot be a master, and would therefore be required to get a

proper certificate. All these old fellows have acted as masters and been considered as masters due to the experience and to the knowledge which they have accumulated over the years.

Mr. BARNETT: I understand Mr. Batten is saying that because of the experience they have gained at sea these men are fully qualified in their own waters. My question is this: what is to prevent a man, once he has been granted a certificate under this clause, from going out to British Columbia as a fully qualified master? This is a matter which I believe should be clarified. Could these masters operate in other waters on the strength of this certificate.

An hon. MEMBER: No.

Mr. BARNETT: I have been looking through the clause and I can see nothing in there which would prevent them doing so.

Mr. LANGLOIS (*Gaspé*): A master who has served his time as a master in the minor waters would get a certificate only for the minor waters. If he had served his time in the inland waters the certificate would only be in respect of inland waters, and so on.

Mr. GREEN: But the certificate for minor waters, for example, would apply equally in British Columbia. What is to prevent a man going across to the west coast and getting a job there?

Mr. LANGLOIS (*Gaspé*): I am told we can put limits on a certificate; if you want to limit this to the waters where a master has had his experience we are ready to consider the point. This point raised by Mr. Barnett is a good one and we are ready to have a look at it and to limit the certificate to the waters in which a man has acquired his experience.

Mr. GREEN: Why not write that into the clause. You say: "According to the waters served in". So why not limit it to the waters served in?

Mr. LANGLOIS (*Gaspé*): We show on the certificate that he has been a master in the home trade, inland waters, or minor waters, so he is limited in that respect so far as these waters are concerned.

Mr. GREEN: Minor waters are not divided up; there are minor waters in British Columbia, Ontario and Newfoundland—they are all minor waters, and if a certificate says he has served on minor waters he is eligible to take a job in British Columbia, and it is not fair.

Mr. HAHN: I think possibly Mr. Green has in mind the possibility that this certificate should not apply in British Columbia. If we were to write into the bill that this only applied in Newfoundland, or British Columbia, it would at the same time prevent a badly qualified from British Columbia going into another area.

Mr. GREEN: Quite, because this is a general certificate under the other provisions of the act. It would only be correct, because this clause is, in fact, intended to cover the case of a handful of Newfoundland masters who cannot qualify for the certificate because they cannot write the examination, but they have been given this special consideration because of their experience in their own waters. They should not be considered as properly eligible to command a ship in any other part of Canada, and in my view this should be confined to Newfoundland waters—

Mr. CARTER: And Nova Scotia.

Mr. LANGLOIS (*Gaspé*): Well, Mr. Chairman, we are ready to undertake that we will put limits on this certificate along the lines suggested today, but I may tell the committee that it will not be a very simple amendment to make because we will have to consider setting geographical limits, which might result in a very long and complicated wording. But, as I say, we are ready to give an undertaking that we will limit these certificates.

Mr. GREEN: Under the law you cannot do it unless you are given power by the act to do it, and you are not given power to limit the certificate under the act. You cannot give a restricted certificate as the law stands at the present time.

Mr. HAHN: I would support Mr. Green with regard to that in view of the explanation that I have received that there is a general masters licence which applies to those who have received a certificate elsewhere as apart from those who have received a certificate in Newfoundland and Nova Scotia, and in my opinion we should definitely have something in this bill which would prevent such masters from moving from Newfoundland or Nova Scotia to the west coast and taking advantage of having received their certificate under the provision now being considered.

Mr. BATTEN: You do not want us over there, eh?

Mr. HAHN: We are very interested, but we would like you to qualify.

Mr. LANGLOIS (*Gaspé*): In reply to Mr. Green's question regarding our power to make a limitation, I would refer him to section 125 of the Canada Shipping Act, subsection 2. It states there:

> The certificate may be granted for a term not exceeding one year but may be suspended or cancelled for cause by the minister; the certificate shall describe the ship or class of ship and the specified limits.

That is true of a temporary certificate only; I notice that.

Mr. GREEN: I would think that the department could surely draw up a clause to put in this new section 119 which would meet that condition. You have already got there:

> According to the water served in

And you could put in:

> And limited to those particular waters

Or something of that kind. There is certainly no reason why a master getting a certificate under that provision should go on to the Great Lakes any more than he should be able to go out to British Columbia and command a vessel.

Mr. HABEL: Could we not serve this same purpose by inserting in line 6 of the subsection after the word "tonnage" the words: "subject to regulations"? That means that the department would have the power to enact regulations.

Mr. GREEN: You have in line 18 "such certificate is not valid on tugs"; you might add there—"or on any waters other than those where the men have qualified;" or something like that.

Mr. CARTER: Or "the waters other than—".

Mr. LANGLOIS (*Gaspé*): Since we are not ready to consider this point now may I suggest that we give an undertaking to consult with the drafting officers to see if we can work out an amendment and move it in the house when the bill reaches there. Is that satisfactory?

The CHAIRMAN: Would that be satisfactory?

Agreed.

Clause 9 agreed to.

On clause 10.

Mr. LANGLOIS (*Gaspé*): Clause 10 has to do with section 125 "temporary certificates". This amendment is merely to correct a printing error.

This amendment is merely to correct a printing error which appeared in the English text of the 1952 statutes, but not in the French text. As section 125 now reads, the limitation of 40 tons gross tonnage and the description of the voyages applies only to a steamship other than a passenger steamship, whereas these should apply also to passenger steamships certified to carry not more than 40 passengers.

Clause 10 agreed to.

On clause 11, "Temporary engineers".

Mr. LANGLOIS (*Gaspé*): Clause 11 has to do with temporary engineers.

The proposed amendment eliminates the provisions for the issue of a temporary certificate on a steam-driven ship and makes it possible for an engineer with a temporary certificate to operate a passenger ship driven by an internal combustion engine not greater than 6 n.h.p., rather than 4, when a ship is making voyages in sheltered waters.

The reason for the above change, in regard to steamdriven ships, is that steam engines in small passenger ships have been replaced by internal combustion engines.

The reason for the change in regard to ships propelled by internal combustion engines is that owing to advances in the science of marine engineering, an internal combustion engine of 6 nominal horse power does not require the attention of a highly trained engineer but, in the opinion of the board, can be operated with safety by an engineer with a temporary certificate.

Mr. HERRIDGE: Would the parliamentary assistant tell us what 6 nominal horse power means in terms of diesel horse power?

Mr. LANGLOIS (*Gaspé*): It is not related to brake horse power, but it would equal about 300 brake horse power.

Mr. GREEN: Is this another case of relaxing the provisions?

Mr. LANGLOIS (*Gaspé*): No. We are bringing them up to date.

Mr. GREEN: In fact, are we not relaxing the provisions?

Mr. LANGLOIS (*Gaspé*): It is owing to the development of the modern internal combustion engine which is more simplified and which does not require the same attendance and maintenance as the others.

Mr. GREEN: Under what section of the act can the minister set out the classes of home trade voyages and minor waters voyages? Under what section has the minister the power to set the different classes of home trade voyages and minor water voyages?

Mr. LANGLOIS (*Gaspé*): It is defined in section 2, the definition section of the act.

Mr. GREEN: What section gives the minister that power? This clause refers to home trade voyages, clause 4, and minor water voyages, clause 2.

Mr. LANGLOIS (*Gaspé*): Oh yes, which clause is that? I see you are referring to the classes of voyages.

Mr. GREEN: I want to know under what authority he can divide this home trade voyage into different classes.

Mr. LANGLOIS (*Gaspé*): I think it is made under the life-saving regulations made by order in council. We can give you the reference to the section of the act in a minute.

Mr. BYRNE: What is the sort of qualification that he would require?

Mr. LANGLOIS (*Gaspé*): In subsection 55 of section 2 of the act there is a definition of minor waters. It means, "all inland waters of Canada other than lakes Ontario, Erie, Huron (including Georgian Bay), Superior and

Winnipeg and the river St. Lawrence east of a line drawn from Father Point to Point Orient, and includes all bays, inlets and harbours of or on the said lakes and said Georgian Bay and such sheltered waters on the sea coasts of Canada as the minister may specify."

Mr. GREEN: That provides for the definition of minor waters, but where does the minister derive the power to divide those minor waters into classes 1, 2, 3, 4 and so on? I could not find it myself in the act. I ask this question for information purposes.

Mr. LANGLOIS (*Gaspé*): It is in the section under life-saving equipment. We will find it and give you the reference.

Mr. GREEN: We had that question arise in connection with a government ship which grounded on the west coast last spring.

Mr. LANGLOIS (*Gaspé*): It is section 401, Mr. Green. It is subsection 2 on page 180 of the Shipping Act which reads:

> The regulations that the governor in council may make under subsection (1) in so far as they apply to safety convention ships, may include such requirements as appear to him to be necessary to implement the provisions of the safety convention.

Mr. GREEN: That covers it, yes.

Mr. HOLOWACH: I think in section 28 we are concerned that there be no enforcement for those who are required to take some form of examination to operate these vessels that are described; can you give us any example under what circumstances a temporary appointment could be made, or is made?

Mr. LANGLOIS (*Gaspé*): Perhaps Mr. Cumyn could answer that question.

Mr. A. CUMYN: When the vessel has received its nominal horse power under six, the owner may apply to a steamship inspector for the issue of a temporary certificate and that temporary certificate is issued on the basis of an oral examination which is given in practical engineering and the operation of the engine in question.

Mr. HOLOWACH: There is an oral examination which is given?

Mr. CUMYN: Yes sir.

Clause 11 agreed to.

On Clause 12 "Limit of licence".

Mr. LANGLOIS (*Gaspé*): Clause 12 has to do with section 329 paragraphs (*n*) and (*o*), limitation of the period of validity of pilot's licence.

The present subsections provide for a minimum period of two years for a pilot's licence. This is contrary to the provisions of section 338 which provides for licences for one year after a pilot has reached the age of 65. It is further desirable that a pilotage authority be empowered to issue temporary licences to pilots for any limited period, even for a few months, if necessary.

The CHAIRMAN: Are there any questions on clause 12?

Mr. HERRIDGE: Were any reports received from the pilotage authority in respect to this clause?

Mr. LANGLOIS (*Gaspé*): Various pilotage authorities have made such representations.

Clause 12 agreed to.

On Clause 13.

Mr. LANGLOIS (*Gaspé*): Clause 13: the present heading "Rights of pilots in pilotage districts in which the payment of pilotage dues is compulsory"

which first appeared in the Canada Shipping Act 1934, had the effect of depriving licensed pilots in districts where the payment of pilotage dues was not compulsory of certain protection which they had enjoyed previously. The amended heading is designed to restore to such pilots protection against the employment of unlicensed pilots.

The CHAIRMAN: Are there any questions on clause 13?

Mr. BARNETT: There is to be special protection given to the pilot, but what about the engineer? It is all right to give a temporary permit to the engineer or the master?

Mr. LANGLOIS (*Gaspé*): We are dealing with a different category altogether. We are dealing with pilots and we want to restore to them the protection which they had before the amendment. In this case it has to do with pilots and it has nothing to do with any other functions.

Mr. BARNETT: The pilot is in charge of the ship at certain times and so is the master.

Mr. LANGLOIS (*Gaspé*): What was that?

Mr. BARNETT: The pilot is in charge of the ship at certain points, the same as the master, and we do not want to see the pilot's rights encroached upon.

Mr. LANGLOIS (*Gaspé*): The master does not have to employ a pilot. He can do without a pilot. But if he is in an area where there is compulsory pilotage he would have to pay just the same. He does not have to use a pilot, but if he does use one, he must employ one who has obtained a licence. That is all we say in this clause.

Clause 13 agreed to.

On clause 14 "Prohibitions".

Mr. LANGLOIS (*Gaspé*): Clause 14 deals with section 354. The present section was applicable many years ago before radio telegraphy and telephony came into common use on board ships. The amendment to subsection (1) is designed to bring it in line with modern practice.

Th amendment to subsection (3) of this section makes it an offence for an unlicensed person to act as pilot and for a master to employ such a person as a pilot. It should be noted that this amendment does not have the effect of forcing a master to employ a pilot. "Pilot" is defined in Section 2(64) as "any person not belonging to a ship who has the conduct thereof". Any master, whether in a compulsory payment district or not, is privileged to dispense with the services of a pilot if he or his officers are familiar with the waters and do not require assistance. If he does so in a district in which the payment of pilotage dues is not compulsory, he is relieved of any charge. It is considered that the formation of a pilotage district by the governor in council and the issuance of licences to competent persons lose their effect if any unlicensed person may act as pilot with impunity. Sanctions against unlicensed pilots and against masters who employ them have long been an accepted feature in laws governing pilotage in the United Kingdom.

Clause 14 agreed to.

On Clause 15, "Penalty".

Mr. LANGLOIS (*Gaspé*): This merely follows the amendment of section 354.

Clause 15 agreed to.

On Clause 16 "Payment of dues for ship moved without pilot".

Mr. LANGLOIS (*Gaspé*): The amendment of subsection (1) is required because of the change of heading preceding section 353. Section 357 applies only in a pilotage district in which the payment of dues is compulsory and the amendment is made accordingly.

The present subsection (2) has no meaning under present conditions. It appears to have been inadvertently carried over from an act previous to 1934, where it appeared in a different context. Accordingly, the amendment repeals this subsection and substitutes for it a provision modifying subsection (1).

Mr. GREEN: It is an exception, the new sub-section (2)?

Mr. LANGLOIS (*Gaspé*): The new subsection (2). You see, the master of a ship even in a compulsory district can move his ship without a pilot if he uses only the ship's lines.

Mr. GREEN: But there is a restriction on that provision contained in the last words "unless the pilotage authority otherwise provides by by-law". What is the meaning of that?

Mr. LANGLOIS (*Gaspé*): It allows the pilotage authority to withdraw that authority if it wishes to do so. Those by-laws are made by regulations made by the governor in council and it may be desirable in some districts to modify those.

Mr. NESBITT: The harbour in Saint John, N.B., would be a good example, I believe.

Mr. LEBOE: Why is it compulsory to pay the fees in this case if they do not use the service? Does it not say that the master may move his ship if he wishes without the services of a pilot except that he has to pay the dues in any event?

Mr. LANGLOIS (*Gaspé*): Not if he only uses his own lines.

Mr. LEBOE: The question I have in mind is why should he have to pay the dues if he moves his own ship? He is qualified to move the ship with power without a pilot but he still has to pay the dues.

Mr. LANGLOIS (*Gaspé*): That is the whole basis of the compulsory pilotage districts. What would be the use of organizing a pilotage district if any master could dispense of the service of the pilots as he liked without paying a penalty. We say if you think you can handle your ship yourself you will have to pay the same as you would to hire a pilot. Otherwise, the whole organization becomes useless.

Mr. LEBOE: Who set up the pilotage organization?

Mr. LANGLOIS (*Gaspé*): The pilotage authority is the Minister of Transport and the regulations are passed by order in council.

Mr. LEBOE: Who puts on the pressure to get this established?

Mr. LANGLOIS (*Gaspé*): The shipping people, the local boards of trade and those promoting the business in a particular harbour. I can tell you that we have many requests to establish additional pilotage authorities from boards of trade and organizations of that nature.

Mr. NESBITT: I know some of the areas in which there are compulsory pilotage districts; Saint John, N.B., is the most obvious one. Could you tell us how many areas in Canada are under a compulsory pilotage authority?

Mr. LANGLOIS (*Gaspé*): Saint John, Halifax, Sydney, Quebec, Montreal, Vancouver and Churchill. I am giving you the main ones.

Mr. NESBITT: Halifax is compulsory now?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. CARTER: St. John's, Newfoundland?

Mr. LANGLOIS (*Gaspé*): No. I am told that in St. John's there is an old provincial set-up.

Mr. CARTER: Yes. It is compulsory pilotage.

Mr. LANGLOIS (*Gaspé*): Yes, on a provincial set-up.

Mr. BARNETT: Distinct from compulsory pilotage, are there voluntary pilotages?

Mr. LANGLOIS (*Gaspé*): There is the Kingston-Montreal district which is not compulsory.

Mr. BARNETT: What about the Alberni inlet area on the west coast?

Mr. LANGLOIS (*Gaspé*): I am told that the whole west coast is compulsory.

Clause agreed to.

On clause 17—Repeal.

Clause agreed to.

On clause 18—Barge, etc., used to carry crew making voyages over 15 miles from land.

Mr. LANGLOIS (*Gaspé*): At present towed barges that carry a crew but not passengers are dealt with in section 481—amendment of 1953, chapter 20. It is thought that they should be separate from that section and dealt with in the same section as towed barges that carry passengers, that is, section 477.

With regard to the proposed subsection (3), this amendment requires barges, scows or like vessels that carry a crew, if making a voyage more than 15 miles from land, to be subject to inspection of their hulls and equipment, boilers and compressed air tanks, and to the regulations respecting life-saving and fire-extinguishing equipment, whereas under the present sections 481 and 479, they are subject only to the regulations respecting life-saving equipment, fire-extinguishing equipment, precautions against fire, and inspection of boilers. The reason for the above change, with respect to inspection of hulls, is that it is the opinion of the Board of Steamship Inspection that the hulls of such vessels should be inspected, it being noted that towed barges founder from time to time, and that during the past five years, of the towed barges lost, three involved a loss of life of six persons.

The reason for the above change, with respect to compressed air tanks, is that many towed barges are now fitted with diesel driven machinery having high pressure air tanks which, in the opinion of the Board of Steamship Inspection should be inspected at regular intervals.

This proposed amendment has been discussed with towboat owners and with the barge companies, and no objection has been raised. It is the intention to draw up special regulations governing the inspection of the hulls of these vessels, and these regulations will be drafted in consultation with the representatives of the industry concerned.

With regard to the proposed subsection (4), this subsection deals with the same type of vessel making voyages not more than 15 miles from land.

The same changes are being made with respect to inspection of compressed air tanks, but in the opinion of the Board of Steamship Inspection it is not necessary to require these vessels to undergo hull inspection owing to the sheltered nature of the voyages on which they will be engaged.

Mr. BARNETT: Mr. Chairman, I have just one question on this clause. I am not too sure of the facts, but I notice that this proposed amendment seems to cover only barges which are carrying a crew during the course of a voyage. I am wondering, in referentce to the machinery to which the parliamentary assistant referred, whether there may not be barges which now have machinery installed which will operate only at the beginning and end of a voyage. I have in the back of my mind the barges on the west coast which are used for the moving of logs. I am wondering whether those barges, which I understand are provided with machinery to dump the logs into the water and which have complicated mechanisms on board, may not be subject to inspection in this respect and may be operated by crews only at the beginning and end of a voyage.

Mr. LANGLOIS (*Gaspé*): As I understand it, your question has to do with the type of barges which do not carry crews when they are at sea; they need the crews only at the beginning or at the end of the voyage and therefore they do not come under this clause.

Mr. BARNETT: I am not quite certain whether or not these barges do carry a crew. I have not actually seen one under way. I am wondering whether the officials might know in fact that they do or do not carry crews, and if they do not carry crews whether consideration had been given to the possibility of a need for inspection even though they did not carry a crew within the meaning of the present amendment?

Mr. LANGLOIS (*Gaspé*): To the best of our knowledge these barges do not carry a crew and do not need to be inspected. We might review the situation and if there are changes we will act accordingly. If they do not carry a crew during the voyage, they do not fall under this clause.

Mr. BARNETT: Would those barges be subject to the inspections and come under the safety regulations of the Workmen's Compensation Board of British Columbia?

Mr. LANGLOIS (*Gaspé*): I am not an expert on workmen's compensation under the British Columbia laws. I know in the province of Quebec, if you employ more than seven men, you automatically come under the Workmen's Compensation Board regulations. I do not know about British Columbia.

Mr. HAHN: We have two sections; one deals with barges under fifteen miles from land and the other deals with barges over fifteen miles from land. The question I have is relative to clauses 16 and 18 combined. I am wondering about those which are within the harbours; do these come under the ordinary pilotage authority in going through harbours?

Mr. LANGLOIS (*Gaspé*): No; they are local vessels and are not subject to pilotage.

Mr. HAHN: That raises the question of responsibility in the case of accident. Are all these barges covered by some form of insurance in the case of damage within a harbour?

Mr. LANGLOIS (*Gaspé*): There is no compulsory form of insurance, but I am sure that they can get insurance coverage if they wish. They can get insurance not only for the damage to the scow itself but also P.P.I. coverage which covers responsibility of the owner for damages or personal injuries to individuals or to any other thing but a ship, for example a dock.

Mr. HAHN: Damage is not always done to the dock or to the ship or to a bridge. Sometimes it is a matter of inconvenience. I was wondering about the use of the pilotage authority. We had in the lower mainland of British Columbia a case very recently where the old Marpole bridge was knocked out, and before that the old Queensborough bridge; the damage caused was negligible on the bridge itself but there was the inconvenience caused to the inhabitants on either side of the bridge. That makes one wonder if there should not be some kind of a guide to help them in the harbour.

Mr. LANGLOIS (*Gaspé*): They are exempt from pilotage and if such damage is caused it is up to the owner to have proper insurance coverage. In the case which you indicated, it would be Protection and Indemnity—P. & I.—which would provide adequate coverage.

Mr. GREEN: Mr. Chairman, I understood from the parliamentary assistant that this bill was to bring the Canada Shipping Act up to date; but he has here in the third line of the new section 477, "moved by sails or oars". What does that mean?

Mr. LANGLOIS (*Gaspé*): I am told that there are still barges moved by sails and oars and cables. That is something which we have carried over from the past and which is still very much with us—barges handled by cables, oars or sail.

Mr. GREEN: And towed by a steamship at the same time.

Mr. LANGLOIS (*Gaspé*): Towed by a ship that is not moved by sails or oars. You do not have both there. You do not have both the sails and the steamship.

Mr. GREEN: It seems a little antiquated to me, but perhaps it is all right.

Mr. LANGLOIS (*Gaspé*): Mr. Green, I am told that this language is still necessary.

Mr. LAVIGNE: Mr. Chairman, I think you still see the other. Around home we have to have barges in order to place them in position, where a steamship cannot go because it is very shallow; they have to use that means of getting it there. I have not seen sails, but I have seen them pushing them around with oars.

Clause 18 agreed to.

On Clause 19—Boilers on dredges, etc., subject to inspection.

Mr. LANGLOIS (*Gaspé*): Clause 19. This amendment provides for the inspection of compressed air tanks and for the carriage of fire extinguishing equipment—as well as life saving equipment as at present required—and for the inspection of hulls and equipment of such vessels making voyages more than 15 miles from land.

The reason for the above change with respect to the inspection of hulls and equipment is that it is the opinion of the board of steamship inspection that the hulls and equipment of such vessels making voyages more than 15 miles from land should be inspected, it being noted that towed dredges founder from time to time, and that during the past five years, of the number of towed dredges lost, two involved a loss of nine lives.

The reason for the above change with respect to the compressed air tanks is that many such vessels are not fitted with diesel machinery having high pressure air tanks which, in the opinion of the board of steamship inspection, should be inspected at regular intervals.

The reason for the above change with respect to the carriage of fire extinguishing equipment is that the machinery in such vessels is now of such proportions that, in the opinion of the board of steamship inspection, fire extinguishing equipment should be carried.

The proposed amendment has been discussed with dredging companies and no objection has been raised. It is the intention to draw up special regulations governing the inspection of the hulls of these vessels and the regulations will be drafted in consultation with the industries concerned.

Mr. BYRNE: Mr. Chairman, why limit it to 15 miles? For most people 15 miles would be a long swim. I would drown if the ship foundered right in the harbour 100 feet from land. Should not they be inspecting any boat that takes—

Mr. LANGLOIS (*Gaspé*): I am told that this 15 miles is the home trade dividing line. It has to be established somewhere and it has been established at 15 miles.

Mr. BYRNE: It is pretty dangerous to be right in the harbour when the hull might collapse as a result of an air tank bursting, whether it is five or fifteen miles.

Clause 19 agreed to.

On Clause 20—Repeal.

Mr. LANGLOIS (*Gaspé*): There is no explanatiaon needed there.

Clause 20 agreed to.

On Clause 21—Steamships not over five tons, pleasure yachts.

Mr. NESBITT: Mr. Chairman, just one question there on clause 21. This clause, I expect, might be altered by the addition of a comma. I am not quite sure I realize what clause 21 does because the former section had a reference to barges being towed, and that is now looked after elsewhere. But, the way clause 21 reads, it says:

> Steamships not in excess of five tons gross tonnage, and pleasure yachts propelled by mechanical power but not fitted with boilers for propelling purposes, . . .

Now, does that mean: "steamships not in excess of five tons gross tonnage, and pleasure yachts propelled by mechanical power but not fitted with boilers"? Are those two distinct classes? There is no comma after "pleasure yachts".

Mr. LANGLOIS (*Gaspé*): I think that comma there should be removed. This comma could come out.

Mr. NESBITT: But what I was saying, should there not be a comma after the words "pleasure yachts"? Otherwise it could easily read: "Steamships not in excess of five tons gross tonnage", and then the part later on. I presume it intends to cover them when not fitted with boilers. This way it appears to—

Mr. LANGLOIS (*Gaspé*): The boilers apply only to pleasure yachts.

Mr. NESBITT: The boilers apply to pleasure yachts and not to steamships in excess of five tons?

Mr. LANGLOIS (*Gaspé*): Yes.

Clause 21 agreed to.

On Clause 22—Exemption.

Mr. LANGLOIS (*Gaspé*): The proposed amendments provide for annual inspection of fire extinguishing equipment, as well as of boilers and life saving equipment, as in the opinion of the board of steamship inspection it is advisable to inspect the fire extinguishing equipment. That is the reason for this clause.

Mr. NESBITT: In this particular clause—and you have to read it quite a few times sometimes to make sure exactly what it says—but about the middle of the clause it says:

> . . . and such steamships, if propelled by steam, are in addition to such inspection every fourth year subject to inspection of their boilers and life saving equipment and fire extinguishing equipment annually . . .

Now, "if propelled by steam . . .", that means exactly what it says, or does that "propelled by steam" refer to something else in the interpretation section?

Mr. LANGLOIS (*Gaspé*): No.

Mr. NESBITT: It means "propelled by steam".

> . . . are in addition to such inspection every fourth year subject to inspection of their boilers and life saving equipment annually . . .

which is very fine. But, what about the ones that are not propelled by steam? Would their life saving equipment and fire extinguishing equipment be inspected annually?

Mr. BALDWIN: Every four years.

Mr. NESBITT: Every four years. If a ship is actually propelled by steam, in the literal sense of the word, their life saving equipment and fire fighting equipment is inspected annually; but if they are propelled by diesel, or something of that nature, this equipment is only inspected every four years. What is the purpose of that?

Mr. CUMYN: The inspector, sir, has to go on board to inspect the boiler annually. That is the main requisite, and the opportunity is taken for him to inspect the life saving and fire extinguishing equipment while he makes that inspection.

Mr. NESBITT: Mr. Chairman, do you not think that the life saving equipment and the fire fighting equipment should be inspected annually, in any event?

Mr. CUMYN: No, sir. In the opinion of the board, vessels under 150 tons can safely be granted a four year certificate, except when they are propelled by boilers. An inspector has to go on board to check the boiler annually and in the opinion of the board he might just as well take a look at the life saving equipment and the fire extinguishing equipment while he is there.

Mr. NESBITT: Mr. Chairman, I can go along with Mr. Cumyn in respect to the life saving equipment. I do not think that deteriorates to any extent but, in respect to the fire fighting equipment, it would seem to me that an inspection should be made much more frequently than every four years. Because, that foaming type of extinguisher sometimes sits around, and they are not filled very often, or refilled after they are used. I have had some practical experience in this matter, and I know that they are very often left unfilled. In respect to these other types of extinguishers—for example, the pyrene extinguisher,—their handles jam on them. They sit around, and they are usually in a brass case, and they often become, as a result of some type of oxidization, very difficult to open. Would it not be possible to have a more frequent inspection of fire equipment than that? Also, on ships which have gasoline engines I think there is a tendency for gasoline to collect sometimes in the bilges, and that would certainly come under the fire regulations.

Mr. LANGLOIS (*Gaspé*): This applies to non passenger vessels only.

Mr. NESBITT: I quite agree, but there are still crew and other people to whom unpleasant accidents could happen and I feel it is certainly possible, anyway, that fire inspections could be carried out every year. Could not the R.C.M.P. do a simple job such as the inspection as firefighting equipment?

Mr. LANGLOIS (*Gaspé*): I am told we have interim or spot checks made by our own inspectors now.

Mr. NESBITT: Could you give us any idea how many ships would be checked each year?

Mr. LANGLOIS (*Gaspé*): I am told that it is a staff problem more than anything else—but these spot checks are being made now.

Mr. JOHNSTON (*Bow River*): Where is the inspection made in regard to a passenger vessel? Is it made at the dock?

Mr. CUMYN: The owner applies for an inspection when his inspection certificate expires and the inspector visits the ship at the dock wherever she might be laid.

Mr. JOHNSTON (*Bow River*): Yes, but does the owner or master of the ship have to apply for inspection?

Mr. CUMYN: Yes, under the act he cannot clear the vessel without a certificate and he must apply for an inspection on the basis of which a certificate is issued.

Mr. JOHNSTON (*Bow River*): Is that done for every trip?

Mr. CUMYN: No, only when the certificate of inspection expires.

Mr. JOHNSTON (*Bow River*): That applies to passenger vessels?

Mr. CUMYN: Inspection certificates are issued only for passenger vessels annually; for cargo boats over 150 gross tons they are issued annually, and quadrennially for any passenger ships under 150 tons.

Mr. JOHNSTON (*Bow River*): Is it the responsibility of the master to see that the lifeboat is in proper order?

Mr. CUMYN: The ship does not receive a certificate until the life saving equipment complies with regulations.

Mr. JOHNSTON (*Bow River*): It could go out of order within the year.

Mr. CUMYN: There is some onus on the owner and the master to maintain it in the condition it was in when the certificate was issued. In addition we have inspectors who carry on spot checks throughout the season.

Mr. NESBITT: Has Mr. Cumyn any idea how many ships are checked during the year?

Mr. CUMYN: By equipment inspectors?

Mr. NESBITT: Yes. Can you give us a rough estimate?

Mr. CUMYN: It would be some 3,000 or 4,000 at least.

Mr. NESBITT: At least?

Mr. CUMYN: Yes. That number is checked by our own men and by the R.C.M.P.

Mr. NESBITT: The R.C.M.P. have been checking pleasure boats on the Great Lakes and that is an excellent thing; I am glad to hear of it—Would it not be a fairly simple matter for them to make an annual check of these things, too, particularly with regard to fire-fighting equipment?

Mr. CUMYN: This section requiring the inspection of ships under 150 tons every four years only has been in force for 10 or 15 years and in the experience of the board any move to inspect these vessels more often would be unwarranted even with regard to firefighting equipment.

Mr. NESBITT: Have you a record of the number of accidents per year? I am looking for information. How many fires have occurred in ships of this type?

Mr. CUMYN: I can get those figures for you.

Mr. LANGLOIS (*Gaspé*): Are you referring to accidents due to faulty equipment only?

Mr. NESBITT: Let us say with regard to any fires that have occurred on these ships—those which have been extinguished successfully and those which have not.

Mr. LANGLOIS (*Gaspé*): We have this information and are willing to provide it. I am told the number of fatal accidents is practically negligible on cargo boats.

Mr. CARTER: I do not think anybody would object to the yearly inspection of life saving equipment and firefighting equipment on any ship, but to require ships of over 150 tons to take an annual inspection is seriously handicapping the east coast shipping. In the first place it tends to force shipowners to restrict their ships to that change, and a 150 ton ship is no longer economical to operate. You can operate a 200 ton or a 250 ton ship with one more of a crew—probably not more than two more of a crew, but usually with one more of a crew, and with that number you will increase your cost of operation probably not more than 10 per cent, or perhaps less than 10 per cent in operation. However, if you have to put a ship of 155 tons into dock for annual inspection, it means that it must go to a dry dock, where the engine

has to be stripped down and the pistons examined, and I might add that it creates an unnecessary expense in connection with ships of that size. We are trying to get to the spot where we can build up a shipping fleet, and goodness knows that we in the maritimes are suffering because we do not have sufficient competition from our export trade.

What this act does is to drive shipowners out of business because it imposes upon them what I call unnecessary expenditures. There is no more need to strip down the engine in a boat of 250 tons every year than there is in a boat of 150 tons; it is exactly the same type of engine except that there might be a few inches difference. I would like to see some consideration given to our problem. We have agreed that the 150 ton ship is going out altogether, so it is a question of whether we are going to have any shipping fleet at all, or none, unless something is done about that requirement.

Mr. CUMYN: Yes.

Mr. JOHNSTON (*Bow River*): Mr. Carter has referred to the general inspection when he talks about stripping the ship down.

Mr. CARTER: That is right.

Mr. JOHNSTON (*Bow River*): But that would not be so with the inspection of life-saving equipment.

Mr. CARTER: I agree, but this act requires any ship over 150 tons to have an annual inspection and it involves all these expenditures.

Mr. CUMYN: No sir. I am sorry to have to contradict you; but under the regulations the machinery of any ship may be inspected over a four-year period.

Mr. CARTER: Of what size?

Mr. CUMYN: Of any size, sir, and I mean any non-passenger ship.

Mr. CARTER: Any coast-wise ship?

Mr. CUMYN: Yes.

Mr. CARTER: And that applies to ships not over 150 tons?

Mr. CUMYN: That is the annual inspection; but the annual inspection under the regulations does not mean that the whole of the machinery is torn down every year. It means that during the course of four years the whole of the machinery is torn down, but every year the inspector comes on board and takes a look at the machinery, and insofar as he feels it is necessary, he may ask the owner to operate it.

Mr. CARTER: How big a ship does that apply to?

Mr. CUMYN: To a non-passenger ship of any size.

Mr. CARTER: That is a new one to me, because my understanding was that only ships of under 150 tons were exempt, and were exempted to a four-year inspection; but now you say any ship of over 150 tons. I know that in my riding ships that have been in port have had to go out and take an annual inspection because they were over 150 tons; and in order to avoid it some of our men have sawed the sterns off their ships to bring them down under 150 tons.

Mr. CUMYN: We will send you a copy of the regulations.

Mr. CARTER: Well, the regulations are probably not properly interpreted or enforced. Any type and any size—I do not see the point to that; why mention 150 tons if it does not apply to ships of 150 tons?

Mr. CUMYN: It does not mean that the whole of the machinery will necessarily be torn down during the course of the inspection.

Mr. CARTER: It does mean, however, that the ship must go on the dock?

Mr. CUMYN: Yes.

Mr. LANGLOIS (*Gaspé*): In order to draw the tail shaft, you have to put the ship in a dry dock.

Mr. CARTER: That would be no more necessary with respect to a ship of 150 tons than with respect to one of 250 tons. When a ship is examined a piston can be pulled, just one piston; and if you have a four-cylinder engine, you may pull one piston this year, and another piston the next year, and you can finally examine the whole engine with the ship lying at a wharf, and you can have that done when you inspect it annually. Of course I realize that the ship must go into a dry dock when the shaft is pulled.

Mr. CUMYN: No sir. With a ship of 150 tons the shaft is pulled every three years.

Mr. CARTER: Over 150 tons?

Mr. CUMYN: Yes, and that is in accordance with the classifications and practice. Most shipowners will try to have their ships put into a dry dock every 18 months anyway. We have a leeway there because we do not expect all the ships to go right on to the dock at the moment they finish their twelve months. It is put in for a leeway. In Newfoundland, for example, we allow the ships to be pulled up on the "hard", that is, on the surface, on the beach. We have arranged under the regulations to inspect those boats on the "hard".

Mr. CARTER: You cannot do that with ships of from 250 tons to 300 tons, and it seems to me that with ships of 150 tons going out—it is not an economical type of ship anyway, to operate today; it is not economical today to operate any ship under 150 tons, so it seems to me—I cannot see the necessity for making a distinction between ships of 150 and 200 tons. That is my problem.

Mr. CUMYN: The limit was originally drawn by the International Load Line Convention. A load line certificate must be carried by a ship of over 150 tons gross. Such a change requires some form of inspection annually in order to renew the load line section. That was an international load line provision. We applied the International Load Line Convention to the shipment at that time. If it is your experience that your ships are being drydocked unnecessarily, then we would be quite happy to look into it. As you know, these regulations governing these inspections were made up in consultation with the shipping industry all across Canada. The regulations were sent out to them in three or four drafts; everytime a draft came back we included amendments as we saw fit.

Mr. BYRNE: Regarding the question of fire extinguishers, do your regulations not require that one of the ship's crew inspect the fire extinguishers one a month or once every two or three months, as in industry? In industry they never go beyond one month.

Mr. LANGLOIS (*Gaspé*): It is incumbent on the master to have his equipment checked at intervals.

Mr. BYRNE: Would there be special inspection by the government inspectors?

Mr. LANGLOIS (*Gaspé*): If he is a good captain, he should enter that in his logbook also for his own protection.

Mr. GREEN: There was some discussion this morning about life-saving equipment. That comes under this clause. Could we have an official answer to the question which Mr. Lavigne asked this morning?

Mr. LAVIGNE: The question which I brought up really comes under clause 27. It had to do with small craft. In order to obtain your licence you must have that equipment on your boat. That is why it comes under 27. I happen to know that they require life-saving equipment in order to get a licence.

Mr. NESBITT: In regard to this annual inspection of life-saving and fire-extinguishing equipment, Mr. Byrne made some comments and I would agree with him and your suggestions, Mr. Langlois, regarding a large merchant ship. The companies are very strict in them, I know. But on small ships the responsibility is much less and very often you find people who are, shall we say, less meticulous in their inspections. It would not take too much time to provide an annual inspection of fire equipment and life-saving equipment by the R.C.M.P. I know that two or three weeks ago they spot checked on Lake Erie 3,000 or 4,000 boats and went through most of them in two or three days. That is a very large concentration. I think it could be done without causing any inconvenience to the owners of the ships and without too much work on the part of the R.C.M.P. Personally, I have had some little experience with this myself. On one occasion, some years ago, I was in charge of the fire-fighting equipment on a ship. It was a good ship and had good captains before that. On checking the equipment, it was found that there was an inadequate amount and a good 50 per cent of it was not usable. It was very fortunate that it had been checked because we had a fire a few days later when we were at sea. We were pretty glad that we had checked up on it. Even the best of captains and the best of chief officers would often tend to let these things go and make just a cursory check, particularly on these very small ships. I think that it would cost nothing and would give adequate protection to the crews on these small ships if this were carried out annually.

Mr. LANGLOIS (*Gaspé*): Again here you are dealing with a staff problem. As the chairman of the board stated a while ago, our inspectors can board ships at any time without previous notice and check the equipment. Also, you have to bear in mind that the captain must be responsible for the maintenance of every piece of equipment in his ship. Suppose anything happens—not necessarily a fatal casualty—and there is an inquiry into the accident, if it were shown that the master has not exercised due precautions in having the equipment check periodically, this captain would be in trouble. I know that most captains are doing that in order to protect themselves.

Mr. NESBITT: What Mr. Langlois said is quite correct with particular reference to major ships. I am quite aware of that. In these smaller ships, however, you often get in charge of them an officer who is inexperienced or who has not had a special course in firefighting. It is something which really causes no trouble and which would be an added protection to the crew. So far as spot checking is concerned, I think it is a splendid idea and my suggestion would be that they make sure that all ships are spot checked.

Mr. LANGLOIS (*Gaspé*): The figure given by Mr. Cumyn a while ago was that some 3,000 ships or perhaps more were checked.

Mr. NESBITT: How many ships are there in this category?

Mr. LANGLOIS (*Gaspé*): 17,000 registered ships in Canada. Are you referring to the category below 150 tons?

Mr. NESBITT: Yes.

Mr. LANGLOIS (*Gaspé*): There would be about 12,000.

Mr. NESBITT: They check perhaps 4,000 a year. That would still leave two-thirds of them which did not have the benefit of it.

Mr. LANGLOIS (*Gaspé*): If we wanted to check them all, or a much higher percentage than now, we would have to double our staff of inspectors.

Mr. NESBITT: How about the Royal Canadian Mounted Police, then?

Mr. LANGLOIS (*Gaspé*): Really the R.C.M.P. do only the pleasure boats and small craft.

Mr. NESBITT: Could they not do these small craft as well?

Mr. LANGLOIS (*Gaspé*): Again, there, they have the staff problem, themselves. Those masters know that the Royal Canadian Mounted Police, or a seaboard inspector, could walk on board any day and check that equipment. They always dread visits from a member of the R.C.M.P. or one of our steamboat inspectors, and that keeps them on their toes, because they go aboard without previous notice.

Mr. NESBITT: I agree that it is just a matter of degree, Mr. Langlois. I do not think we are very far apart. It is really a matter of degree, that is all, in respect to whether they should make spot checks every three years or whether they should make them a little more often; that is all. I think the officials might consider that.

Mr. CARTER: I understand Mr. Cumyn to say that this 150-ton dividing line for annual inspection was reached by international agreement about 15 years ago.

Mr. LANGLOIS (*Gaspé*): At the load line convention.

Mr. CARTER: It comes from the load line agreement?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. CARTER: Then it was an international agreement?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. CARTER: About 15 years ago. Since the 150-ton ships are disappearing, will there be any more international associations to bring the thing up to date? We have just passed clause 11, in which we say now that engines up to six nominal horsepower—that is, 300 horsepower, have become so simplified that we do not need a full-fledged engineer to operate them. That is an argument for revising this whole business of the dividing line for annual steamship inspection, because it is a serious problem.

Mr. LANGLOIS (*Gaspé*): Maybe some day this international convention respecting load line certificates may be revised, but there is no inetntion to do that at present. It will be done sometime in the future.

Mr. CARTER: I would not think that there would be any ships of 150 tons in existence in a few years. I do not know that there are now, except on the east coast, and they are disappearing pretty fast.

The CHAIRMAN: Shall clause 22 carry?

Mr. GREEN: Could we have an explanation of subsection (2) in particular? I would like some further information as to what extent these smaller vessels are inspected.

Mr. LANGLOIS (*Gaspé*): What is it exactly you want there, Mr. Green?

Mr. GREEN: What inspection is there with regard to vessels under 15 tons?

Mr. CUMYN: Steamship under 15 tons net, that is to say non-passenger ships, have been exempt from inspection under the act for some years unless they are propelled by steam supplied from boilers, in which case the boilers are inspected annually. The life saving equipment has been inspected annually; and in the opinion of the board the fire extinguishing equipment should be inspected at the same time, because we have found that when oil rather than coal is being burned to heat boilers, it presents a greater hazard.

Mr. GREEN: What inspections are pleasure craft subject to?

Mr. CUMYN: Pleasure craft not carrying passengers? They are not given any inspection, other than that provided by the R.C.M.P.

Mr. CAVERS: A spot check.

Mr. CUMYN: Boats that carry passengers for hire, if they are over 5 tons require a certificate of inspection from the steamship inspection branch. If they are under 5 tons they are checked by the R.C.M.P.

Mr. GREEN: Other types up to 15 tons are not inspected at all?

Mr. CUMYN: Non-passenger vessels are also checked by the R.C.M.P.

Mr. BARNETT: Did I understand Mr. Cumyn to say that vessels under 5 tons carrying passengers are not subject to any form of inspection.

Mr. CUMYN: Except that given by the R.C.M.P.

Mr. GREEN: Under what provision of the act do the R.C.M.P. get the authority with respect to these checks?

Mr. CUMYN: Under a letter from our minister.

Mr. LANGLOIS (*Gaspé*): Through a request from the Minister of Transport to act on his behalf for the carrying out of the requirements of the Canada Shipping Act.

Mr. GREEN: What provision of the Canada Shipping Act provides for inspections?

Mr. LANGLOIS (*Gaspé*): It is somewhere in the inspection provisions. I am told that sections 479, 480, 481 and 482 cover this.

Mr. CUMYN: It is also covered by section 486.

Mr. LANGLOIS (*Gaspé*): Section 486(1) states:

> (1) A collector or other chief officer of customs, or other person directed thereto by the minister, may take action, by detention of a ship, or by other reasonable and appropriate means at his disposal, to prevent any violation of any of the provisions of this part.

The following subsection, subsection (2), states:

> (2) For the purposes of this section, such collector, other chief officer or other person, in the discharge of his duty, may go on board any ship, make any examination which he deems fit, and may ask any pertinent question of, and demand all reasonable assistance from, the owner or master or any person in charge thereof, or appearing to be in charge.

You will notice that it speaks of "a person directed by the minister" and that is the authority to employ members of the R.C.M.P.

Mr. GREEN: That is a pretty slim authority. It does not provide for inspection at all; it is authority to board a ship.

Mr. NESBITT: In a future section, when we come to it—it will be one of the clauses to be discussed, probably, at some length—clause 27—

The CHAIRMAN: Shall clause 22 carry, first?

Mr. NESBITT: No. I was about to say I realize that under clause 27 regulations concerning boats under 5 tons can be discussed. Maybe when we reach that clause we could consider the extension of these inspection provisions to ships, of less than 5 tons weight carrying passengers.

Mr. LANGLOIS (*Gaspé*): Section 481 of the act gave the governor in council the power to make regulations, under the provisions of section 410, except life saving equipment, fire extinguishing equipment and precaution against fire. That is for ships not in excess of 5 tons gross tonnage, and pleasure yachts.

Mr. NESBITT: But that is still—

Mr. LANGLOIS (*Gaspé*): Could you be more specific?

Mr. NESBITT: I am just checking this.

Mr. LANGLOIS (*Gaspé*): We have just amended section 481, as you realize.

Mr. NESBITT: Yes, I do. I was just looking at it. Just one question: what is the section which concerns the annual inspection of firefighting equipment and life saving equipment on passenger ships under 15 tons?

Mr. LANGLOIS (*Gaspé*): You mean 5 tons?

Mr. NESBITT: No, 15 tons.

Mr. CUMYN: Well, the provision for the inspection of ships by steamship inspectors is taken care of in section 386; and then section 401 provides for the making of regulations requiring life saving equipment, fire extinguishing equipment, and so on.

Mr. NESBITT: That is for passenger equipment?

Mr. CUMYN: No sir. And then in the back part of it, there is a part entitled "Exemption", and that exempts certain ships from inspection, specfically passenger boats under 5 tons gross, and non-passenger boats under 15 tons gross, but everything above that must be inspected.

Mr. NESBITT: And how about the ones under 15 tons?

Mr. CUMYN: Section 410 provides for the carriage of equipment, but there is no provision for the inspection by steamship inspector; they are exempted from that inspection.

Mr. NESBITT: Nobody actually inspects those small passenger carrying boats?

Mr. CUMYN: If you use the term "inspection" to cover the work of inspection by a steamship inspector, no; but they are checked for equipment—that is, manually—by the R.C.M.P. under directions issued by the minister.

Mr. NESBITT: Is that another spot-checking business, or it is done annually?

Mr. CUMYN: No, they are spot-checked, and if the R.C.M.P. find a vessel which is unseaworthy then under their terms of reference they refer the case to the chairman of the steamship inspection board.

Mr. NESBITT: We are not dealing with ships which only have crews, but with the ones which carry passengers.

Mr. BYRNE: You mean revenue passenger ships?

Mr. LANGLOIS (*Gaspé*): Under 5 tons.

Mr. NESBITT: There are a great many on the lakes and there are many such ships on the coast which carry passengers from one place to another, so it would seem to me that that was just the kind of ship which would most require checking because it is small, and it is often operated by a gasoline engine which is old and one thing or another. So could not some arrangement be made to check those ships more regularly?

Mr. CUMYN: We feel that a very substantial check is being made by the R.C.M.P. within the limits of their staff.

Mr. GREEN: What about the water taxi, for example?

Mr. CUMYN: If it carries passengers, and if it is over 5 tons, it is inspected annually by the steamship inspector; but if it is under 5 tons, it is checked by the R.C.M.P. The complaint in the latter case is most often that they just do not have all the equipment. However, we think that the R.C.M.P. under the circumstances is doing a very good job in that respect.

Mr. GREEN: The only authority they have is given under this section 481 which says that a customs inspector may come aboard.

Mr. CUMYN: Or any other person designated by the minister; and in our reference to the R.C.M.P. we set out fully what they should do.

Mr. LANGLOIS (*Gaspé*): Yes, and if the R.C.M.P. finds a boat which is not adequately equipped, they refer the case to the chairman of the board and he may take action.

Mr. GREEN: What could he do if the ship were under 5 tons? What power does the steamship inspector have in that event?

Mr. LANGLOIS (*Gaspé*): He sets equipment that the ship has to carry and if it does not comply, then he will prosecute.

Mr. CUMYN: There is also a section of the act which provides that the steamship inspector may go on board any ship, and he may put in a sheriff and detain that ship until the condition is rectified.

Mr. LANGLOIS (*Gaspé*): Any ship!

Mr. HERRIDGE: I have a particular case to draw to the attention of the chairman. I live beside a lake, and I saw a large boat there quite often. That boat is not operating now, but it was operated by a transportation company and it had a 35 to 40 mile run. It was about thirty-five or forty feet in length and would carry twenty-five passengers, which is as many as might be carried by a much larger ship. The company had a taxi driver sent down to run the boat. How would the R.C.M.P. know if that man was competent to handle things in rough weather? I think that a company carrying passengers should be required to have a qualified man in charge of even a small ship like that with twenty-five people packed in a small room with an oil heater to keep them warm and a gasoline engine running the boat. I know on one occasion it was drifting around on the lake with a man in charge who did not know any more about it than an old lady down in the back cabin. There were no lifeboats on this boat. In my opinion, there should be some protection for people travelling in this type of a cabin; that is most dangerous. They just sit in the cabin; there are no lifeboats and only a certain number of life-jackets and things of that sort. What is done to make sure that the public is protected?

Mr. LANGLOIS (*Gaspé*): That is a pretty strong argument, is it not, in favour of the new clause 27.

Mr. LAVIGNE: I believe that that will be covered by clause 27(b).

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. LAVIGNE: I want to make a statement about the spot checking by the R.C.M.P. I believe that it is very efficient because I know of several people who were checked who resented being stopped, but a few days after when they had complied with the recommendations of the R.C.M.P. the news spread around very rapidly to all the people in the area that the equipment is checked and, therefore, it covers a lot of boats and puts them all in order.

Mr. NESBITT: It is true that spot checks are made, but has the department any method of recording on what ships these spot checks are made? In other words, one ship might be spot checked three or four years in a row and the next ship might not be spot checked at all; if they learned that the R.C.M.P. were around that day and if things were not in order, they might happen to be out rather than in port.

Mr. LANGLOIS (*Gaspé*): The R.C.M.P. have been doing this work for a number of years and they are very well acquainted with the situation. We have evidence that they have been carrying out their work in a most efficient fashion. I am pretty sure that they would rotate their spot checks in order to cover as many boats as they can within a certain period.

Mr. NESBITT: No one questions the competence of the R.C.M.P., generally speaking. We all have the highest regard for that body, I am sure; but has your department any evidence that they do in fact do that, or do you assume it?

Mr. LANGLOIS (*Gaspé*): Indeed we have this evidence.

Mr. NESBITT: Then they send in a report with the licence numbers and so on, and also the names of the persons whom they spot check?

Mr. LANGLOIS (*Gaspé*): I am told that they report any ship which is found to be deficient of equipment, and that they rotate their inspection checks so that they would cover as many ships as possible.

Mr. NESBITT: Does the department receive a record of the number of ships and the licence numbers of the ships spot checked each year?

Mr. LANGLOIS (*Gaspé*): No, not all the ships, but those found to be lacking in equipment.

Mr. NESBITT: Only the ones found to be lacking in equipment. Then the department itself has no method of knowing whether or not the other ones are checked. You rely on what you were told by the R.C.M.P?

Mr. LANGLOIS (*Gaspé*): Sure we do, and I think we are justified on relying on them, because we know they are a pretty efficient force.

Mr. NESBITT: That may be, Mr. Chairman, but there is in fact no actual record, apart from the ships that are deficient in equipment?

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. BARNETT: Some of the subject matter we are discussing now is closely related to the discussion we may later have under clause 27 but, I would just like to ask one question at this point. Assuming that under paragraph 27 the provisions for the licensing of operators of vessels will be such that it will cover the operation of the small passenger vessels, does the present act and the regulations that are in force under it, ensure that if we have a provision for the licensing of these small passenger carrying vessels, that provision can be made that those vessels carrying passengers under licence will be inspected every year? In other words, they are now apparently subject to spot-checking by the R.C.M.P. but, if provision is made under the provisions of clause 27 for a formal licensing, are the present regulations in respect to safety equipment and so on, such that we can be assured that they will receive more frequent inspection?

Mr. LANGLOIS (*Gaspé*): You see, Mr. Barnett, under section 481 of the act, these ships are exempted from the annual inspection and, unless this section is changed, we cannot make them come under our regulations for inspection.

Mr. BARNETT: Section 481 provides that—

Mr. LANGLOIS (*Gaspé*): Let me say this: we could have a system for spot-checking, which would be more frequent, but we cannot, under the present legislation, force them to accept an annual inspection, because they are exempted under section 481.

Mr. BARNETT: Perhaps I had better make my position clear in respect to what I feel should be done respecting the licensing of operators of what are commonly known as water taxis. Now, I have, on quite a number of occasions, had this problem brought to my attention in my area, and I think some of the other members have indicated that it arises in their areas, and that is: under the present setup, as I understand it, there is no provision whereby we can be assured that these water taxis, which carry in some cases large numbers of passengers in a very small space, are being operated by competent personnel, and apart from the general inspection which is made by the R.C.M.P., and perhaps it is reasonably adequate, that they are carrying and keeping in good condition the life saving equipment and the fire extinguishing equipment that they should be carrying. Now, it seems to me that if we are going into this business of licensing the operators of boats, that we should give consideration to some special form of licensing for those who are going to operate boats carrying passengers, just as we have special licences for people who are going to operate buses, or other public transport vehicles on the roads. I do not know whether that is in mind in respect to the licensing of those operators or not; but if we are going to go that extent, I think at the same time we should ensure that those boats are going to be adequately inspected at fairly frequent intervals.

Mr. LANGLOIS (*Gaspé*): We have that in mind under the proposed clause 27.

Mr. LAVIGNE: Mr. Chairman, could we be supplied with the application forms for the licensing of boats at the next meeting of this committee, because I think there are certain regulations—

Mr. LANGLOIS (*Gaspé*): I have submitted four or five copies of them.

Mr. HAHN: That is the application, but is there specific provisions provided on the licence itself that do not appear on that application form? If so, could we have a copy of the licensing forms?

Mr. NIXON: Mr. Chairman, it is near six o'clock? Would it be in order to adjourn?

The CHAIRMAN: Would you care to carry clause 22?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: —before you go? Clause 22 agreed to.

We will adjourn until 8 o'clock tonight.

Mr. GREEN: Is there any reason why we should have to sit three times a day on this bill? The bill cannot be considered in the house until next week, because we shall have the estimates before us on Wednesday, Thursday and Friday. We have already had two sittings today and it does seem to me that it will be much wiser to wait until tomorrow morning and sit then and finish it up. Why should it be necessary to rush this through today? It would mean that we could not give this as careful a considration as we should, and members of the committee have other obligations as well.

Mr. HERRIDGE: I think that is a good point.

The CHAIRMAN: What is the wish of the committee? Shall we sit tonight or tomorrow morning?

Mr. HERRIDGE: I move we sit tomorrow at 11.30 a.m.

The CHAIRMAN: Then the committee is adjourned until 11.30 tomorrow morning.

TUESDAY, JULY 17, 1956.

The CHAIRMAN: Gentlemen we have a quorum.

On clause 23—Penalty.

Mr. J. G. L. LANGLOIS (*Parliamentary Assistant, to Minister of Transport*): If the committee wishes me to give an explanation I will be glad to do so. Here, we are amending the clause to eliminate the minimum fine of $50. The reason for the change is to provide for sufficient latitude in the matter of fines having in mind small boats of the type the R.C.M.P. check for equipment, etc.

Agreed to.

On clause 24—Certain products not considered cargo.

Mr. LANGLOIS (*Gaspé*): This amendment is considered necessary because since the entry of Newfoundland into the Canadian federation we now have a sealing industry which we did not have before.

The CHAIRMAN: Are there any questions on clause 24?

Agreed to.

Clause 25—Regulations.

Mr. LANGLOIS (*Gaspé*): This clause has to do with this international convention for the prevention of the pollution of waters. I have given a lengthy statement about this convention in the house and I do not think there is much that I could add to it at this stage. However, I am ready to answer any questions that the committee might wish to ask.

Mr. GREEN: Mr. Chairman, this is a very important clause—

Mr. BATTEN: Mr. Chairman, could I interrupt for a moment? Are we going on with part VIIA here?

The CHAIRMAN: We are on clause 25.

Mr. BATTEN: Before we continue to discuss part VIIA I would like the opportunity of speaking about small boats—

Mr. LANGLOIS (*Gaspé*): That will come later. Are you referring to the licensing of small boat operators?

Mr. BATTEN: I would like to have the opportunity of referring to them before we go on to the next section.

Mr. LANGLOIS (*Gaspé*): You can do that under clause 27.

Mr. BATTEN: Thank you, Mr. Green.

Mr. GREEN: This clause apparently has two effects, and one is to bring about the approval of this international convention for the prevention of pollution of the sea by oil and, in addition to that, it gives power to deal with oil pollution in waters which are not covered by the international convention.

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: Why are those two matters lumped together rather than dealt with separately? I ask that question for this reason: in many cases these international conventions are approved as such by the house rather than written into one of the ordinary statutes as a schedule, which is all that is being done in this particular case. The local situation is at the moment probably a good deal more important than pollution on the high seas covered by the convention but it seems to me that the former question has just been dragged into this particular clause and made subclause (*b*) of the section 495A which reads:

> —for regulating and preventing the pollution by oil from ships of any inland minor or other waters of Canada.

That has absolutely nothing to do with the international convention. Would it not be wiser to separate the two in the Shipping Act? If you wish, you could approve the international convention by one section, but then you should have a separate section dealing with the situation here at home which is not covered at all under the international convention.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, I wish first of all to draw the attention of the committee to the fact that the new section 495A does approve the convention. You have here the wording:

> The international convention for the prevention of pollution at sea by oil (1954)—

set out in the 14th schedule is approved. This is the "approving" clause, and then it gives to the governor in council power to make regulations under the convention.

Mr. GREEN: Under clause (*a*)?

Mr. LANGLOIS (*Gaspé*): Under the new section 495(*a*). And, in addition to that, it gives the governor in council power for regulating and preventing pollution in waters not covered by the convention. That is subsection (*b*) of the new section 495. It gives the governor in council power:

> For regulating and preventing the pollution by oil from ships of any inland minor or other waters of Canada.

The reason we are doing it this way is that we want to apply the same policy as is set out in the convention to these waters which are not covered

by the convention. That is the reason. The convention does not extend to these waters but it is the policy of the government to extend it to these waters. We want it to follow exactly the same policy and that is why we are asking for this power to be vested in the governor in council to make regulations to cover these territorial waters which are not included under the convention.

Mr. GREEN: No, but in subclause (*a*) you will be making regulations to carry out the terms of the convention—

Mr. LANGLOIS (*Gaspé*): Yes.

Mr. GREEN: And in subclause (*b*) you will have to make an entirely different set of regulations to deal, for example, with pollution of the Great Lakes or all the territorial waters around the coast, and it does not refer at all to the convention or to the terms of the convention; different questions will arise. Take the case, for example, of pollution in Vancouver harbour. Would that be covered by the National Harbour Board Regulations or would it come under the Canada Shipping Act, or would it come under the Criminal Code? It seems to me that pollution in local waters raises an entirely different set of problems from pollution of the high seas. As I read the convention in so far as Canada is concerned the main effect is that if a ship dumps oil within 50 miles of our coast it can be penalized, when it comes into harbour, under the terms of the convention. Now, surely, the regulations which you need in order to enforce a provision of that kind are a good deal different from the regulations necessary for preventing the pollution of the Great Lakes, the St. Lawrence river, or the inshore waters around Newfoundland or off the shores of the west coast. As far as I can see the only way in which you cover the pollution of our own waters is that the governor in council is being given powers to regulate and prevent pollution by oil from ships in inland minor or other waters of Canada. There is no reference to the convention, and the regulations will have no reference to the convention. It may be you will take some of the provisions out of the convention but you will have to have a completely different set of regulations; I do not see how you could tie the two things together in the way you are attempting to do. Anybody reading that statute for the first time would think that subclause (*b*) refers only to the international convention—I thought so myself on first reading it over—actually there is a little foreign clause put into that section where I do not think it should be. I think you should deal with the situation in Canadian waters by means of a separate provision so that anybody reading the act would know exactly what he has to comply with so far as Canadian waters are concerned.

Mr. JOHNSTON (*Bow River*): I, like Mr. Green, am a little concerned about this matter. Would the powers contemplated under this clause be wide enough to take care of the pollution of any inland rivers in Canada?

Mr. LANGLOIS (*Gaspé*): Sure.

Mr. JOHNSTON (*Bow River*): Such as the pollution caused to the Saskatchewan river below Edmonton some years ago?

Mr. LANGLOIS (*Gaspé*): Only from ships.

Mr. JOHNSTON (*Bow River*): It only applies to ships; it would not take care of the pollution of inland rivers due to oil or any other cause?

Mr. LANGLOIS (*Gaspé*): No.

Mr. CARTER: I have two questions in mind with regard to this question of oil pollution. When pollution of the sea is thought of, one generally means pollution by oil—crude oil, fuel oil or any other kind of oil—but water can be polluted not only by oil but by other material. Off the Greenland coast, as in other places, there are ships which catch whales and process the blubber and there must be a terrific amount of waste discharged into the ocean from these floating factories. Apparently that is not covered by this act. The other

thought in my mind is this: how can we enforce any regulations controlling oil pollution If a ship wants to eject oil at night it would obviously be difficult to detect it. How far does our authority extend from the shore in this matter? How can we control these practices? It seems to me that it would be a very difficult thing to do.

Mr. CUMYN: To answer, first of all, your question relating to the pollution that might be caused by whale oil and other waste matter from these factory ships—we have found, and other countries have found, that this nuisance is caused in the main by fuel oil or ballast water contaminated with fuel oil or by crude oil washings from tankers and if we can eliminate these two sources of the pollution nuisance I think we will have dealt with the problem.

Mr. CARTER: In other words you do not think that the pollution that might arise through these floating factories or factory ships is significant compared with the other sources of pollution you have mentioned?

Mr. CUMYN: That is so. In every case where beaches or seaports have been polluted it has been found, as I say, that the source of the pollution is fuel oil or crude oil from tanker washings.

And now, with respect to controls at the pollution conference, of course, it was proposed by the British that there would be total abolition of the discharge of waste oil into the sea from ships. That, of course, is the only solution. But, certain other large ship-owning countries, headed by the Americans, were opposed to this proposal. They said it was immature, that we were not ready for it, that we did not have the fittings to put on ships to make it possible, and they had a certain amount of right in their favour. So that the conference is a compromise. We drew up a system of zones. Admittedly, it is going to be very difficult to police these seas.

With respect to the ocean off our shores, which are the shores of Canada and the United States, which has a width of 50 miles, we will simply have to call in, or seek the assistance of the navy and the air force. But, with respect to Canada, anyway, our main problem lies in the oil discharge within our own territorial waters.

Mr. CARTER: When you say that, you mean 15 miles off shore, or three miles?

Mr. CUMYN: I would rather not define the territorial waters. I would say even within our three-mile limit, and certainly all our problem lies within the 50 miles. We have made quite a few investigations of pollution of the Great Lakes and some of the rivers, and off our shores, and we find that in the majority of cases it is local pollution by ships close by our shores. We feel that we can deal with that, and when we have dealt with it we will feel that, in so far as Canada is concerned at the present time anyway, we will have the problem solved.

Mr. FOLLWELL: Mr. Chairman, why do ships deliberately dump their fuel oil, or waste oil, or their oil and water ballast into the water; why do they do that?

Mr. CUMYN: Sir, there is a certain type of cargo ship that carries dry cargo as opposed to oil, which burns fuel oil under its boilers. They carry this fuel oil in double bottom tanks. Sometimes they carry in these double bottom tanks ballast water. These double bottom tanks are never, or can never be properly dumped out. So, when they fill them with water, the water becomes contaminated with fuel oil. When a ship is making, say, Port Halifax and it runs into heavy weather, it has to retain this ballast until it gets into port. It goes to its loading dock to load. When the crew starts the loading process, it commences to discharge ballast. The ballast water is contaminated and you get fuel oil in the discharge.

The other source is oil tankers. When an oil tanker changes the type of cargo—that is to say, it discharges its cargo and is going back for a load of a different gravity of oil, it has to wash all its tanks. An oil tanker may have as many as 40 tanks. They have to be washed out. They are hosed out with hot salt water. The hot salt water contaminated with the crude oil, or whatever the tanker was carrying, is pumped overboard.

Mr. JOHNSTON (*Bow River*): How would a ship that is, say, out 50 miles in a rough sea—how would they get rid of their ballast then, until they did get into port?

Mr. CUMYN: In many cases if they are in heavy water they cannot get rid of that. They have to retain it until they come into harbour, and that is where the problem lies.

We propose, for our main ports, to provide reception facilities for these cargo ships to pump this ballast water, or this oily residue into, in the form of barges.

Mr. JOHNSTON (*Bow River*): You are making provisions, then, for a ship when it does have to come into harbour so that they can get rid of this ballast water by putting it in special containers?

Mr. CUMYN: In a barge. We have arrangements with the refineries that they will take care of that.

Mr. JOHNSTON (*Bow River*): Before you can enforce the regulations under this act, would you not have to provide such facilities in every port in Canada?

Mr. CUMYN: Under the pollution convention we are bound to provide facilities in harbours which we, of course, will name ourselves. So, we have a certain freedom in that respect.

Mr. JOHNSTON (*Bow River*): But you say your act will apply to any coastal waters.

Mr. CUMYN: With respect to our own domestic legislation, sir, it takes care of oil to be discharged into our own territorial waters. We are not bound to provide facilities, but we propose to do so in due course. Those facilities, of course, are very expensive and there will be a heavy charge on the ship owners every time they use them.

Mr. JOHNSTON (*Bow River*): In the case where there is a port where there is not this facility available, and the ship must discharge its ballast water, then, I suppose he would not be liable under the act?

Mr. CUMYN: Yes, he will be liable, because a ship owner has other means that he can take. He can so arrange the ballast in his ship so that he carries his ballast water in some of his double bottom tanks permanently. That is to say, they are reserved permanently for the carriage of ballast water. Other double bottom tanks are reserved permanently for the carriage of fuel oil. So that the two do not get mixed together. Now, that involves a little more inconvenience to the ship owner, but he may have to do that.

Mr. JOHNSTON (*Bow River*): But there is a way that he can do it?

Mr. CUMYN: There is a way that he can do it. Also, we hope that within the next few years there will be developed for dry cargo ships an efficient oily water separator, through which they can pump their ballast water. When such a separator has been developed, then we propose to write into the regulations a requirement that every ship burning oil under its boilers and carrying its oil in double bottom tanks alternatively with ballast water will require to be fitted with a separator, and use it.

Mr. FOLLWELL: Is that separator available now, sir?

Mr. CUMYN: There was quite a difference of opinion at the conference as to whether or not there is in existence an efficient oily water separator. The British took it upon themselves to prove that there was. They took us down to the port of London. We boarded a ship, and they started an oily water separator into motion. For the first 15 minutes it pumped out pure water from the side, and then it began to pump black oil. So, they only succeeded in proving that oily water separators, as presently designed, and in the hands of an inefficient engineer, can serve the opposite purpose.

So, after that experiment, or after that failure, the conference assumed that oily water separators—an efficient oily water separator has not yet been developed. So, we were forced to go to the system of zones.

Mr. HAMILTON (*York West*): Would these facilities apply to the Great Lakes as well as to seaports?

Mr. CUMYN: Yes. In our proposed regulations covering our own domestic water we start out in this way; we say: notwithstanding the provision of part II, no oil or oily mixture shall be discharged from any ship into inland, minor or other waters of Canada.

Mr. HAMLTON (*York West*): What I meant by that was: is the department taking steps in respect to the major ports on the Great Lakes to provide the same facilities that you are speaking about with respect to coastal areas?

Mr. CUMYN: Sir, we have conducted quite an investigation into the requirements for reception facilities in the Great Lakes. We did it by means of visiting hundreds of ships. We found that the great majority of ships using the Great Lakes are motor ships. Motor ships are not in the guilty class. They invariably carry their fuel oil in tanks reserved solely for that purpose. So that we decided that oil water reception facilities would not be necessary in the Great Lakes in view of the types of ships using those waters. We are not talking about oil tankers. We know that some oil tanker companies in the Great Lakes are still in the habit of dumping their oil washings into those waters. Of course, they have their own reception facilities at the refineries. That is a question of policing the locations and forcing those people to come to time by the imposition of a heavy fine when we catch them.

Mr. HAMILTON (*York West*): Will the installation, or the commencement of operations of the St. Lawrence seaway throw the great lake ports into the same category as the ocean ports in respect to the type of vessels being used?

Mr. CUMYN: It may do, sir. But, until the pattern of shipping using the seaway and the Great Lakes develops, we cannot come to any definite decision on that.

Mr. HAMILTON (*York West*): Would it not be wise to be making some type of survey now? After all, if our press reports are accurate, and I think they are, we have had trouble of this kind in the Toronto area. Now, it may be somebody commits an offence, and perhaps they have to be caught. But, at the same time, if prevalance of that type of ship is going to be much greater with the opening of the seaway, I think we should be making a survey now as to the requirements.

Mr. CUMYN: Sir, we have just completed a very complete survey. We have here a map showing the extent of pollution in the Great Lakes. If it develops that the seaway is going to bring into the Great Lakes oil burning ships, ships which burn oil under their boilers—we do not believe that that will be the case—then we will provide reception facilities right away. We cannot—

Mr. GREEN: Would it not be necessary to have some kind of an agreement with the Americans with regard to the dumping of oil in the Great Lakes? otherwise ships might dump their oil on the American side of the lake, and you could not very well stop it coming over to the Canadian shore.

Mr. CUMYN: We are in consultation with the Americans, sir—the U.S. coast guard.

Mr. GREEN: Is there any kind of agreement at the moment?

Mr. CUMYN: No, sir. We have not got to the point of making those regulations.

Mr. CAVERS: Are there any regulations now in effect that provide that ships must discharge their oil at some distance from shore?

Mr. CUMYN: No, sir.

Mr. CAVERS: There is a great temptation to ships going through the Welland canal, and upon reaching the harbour at Port Weller they dump their oil there. It is a great inconvenience to people along the shore. Now, it seems to me there should be some regulation that ships must proceed some distance out into the lakes, either Lake Ontario, or Lake Erie, before they discharge in any event.

Mr. CUMYN: Sir, under the proposed regulation we are going to prohibit it altogether. They are not going to be able to dump any kind of oil at all.

Mr. CAVERS: That is so much the better, but the regulations have not been adopted as yet.

Mr. CUMYN: Sir, they will be put into force when this legislation is put into effect.

Mr. HERRIDGE: Mr. Chairman, I just wanted to say that I am very interested in conservation, and I am very pleased to see that the department are far-sighted enough to include minor waters in view of the increase in the number of diesel-driven craft. While they do not dump water out like the tankers, they do dump bilge into the lake. In some cases we have barges hauling oil for mining companies, and if they get into a heavy storm or for some reason or other that water gets into the oil, and on occasion they have to dump that oil out, it does pollute the water. I am very glad to see that you have in mind minor waters, and I do hope the department will put in a provision in respect to that situation.

Mr. JOHNSTON (*Bow River*): I would like to ask a question for information. We have been talking about these boats dumping oil. Now, I can understand their wanting to dump the oily water, if they had water in the tanks that had oil in them, and they wanted to dispose of that when emptying their tanks. But, what they want to dump fuel oil for?

Mr. CUMYN: Sir, when you dump a double bottom tank out you cannot get down to within three or four inches of the bottom. In a double bottom tank you hold 200 tons of oil. If you have left three inches of oil in there, and then you dump in ballast water, and then after when you dump that ballast water out, it is contaminated with possibly 12 or 15 tons of fuel oil.

Mr. JOHNSTON (*Bow River*): That would be the oily water?

Mr. CUMYN: Yes.

Mr. JOHNSTON (*Bow River*): But you were mentioning their dumping oil out—fuel oil.

Mr. CUMYN: No, I meant oily water.

Mr. JOHNSTON (*Bow River*): In every case it is oil and water?

Mr. LANGLOIS (*Gaspé*): He meant oil with water.

Mr. CUMYN: When they get to the bottom of the tank it is probably pure oil.

Mr. HAHN: The question interests me, because I have had considerable representation from certain of my constituents with respect to the matter. I have, for instance, a letter from the United Fishermen and Allied Workers

Union, asking that the dumping of waste oil, or other liquids, which may be harmful to migrating salmon and fishermen's gear, be stopped. I have one question with regard to this and I think, possibly, Mr. Carter touched on a phase of it when he said: "some other substance". I have here a letter sent by the Corporation of Delta and signed by Mr. E. F. Chapman, assistant clerk. It reads:

> The Delta Municipal Council wish to bring to your attention the plight of fishermen on the Fraser river who are suffering damage to their boats and gear by reason of freighters and tugboats passing by at excessive speeds and dumping used oil and other liquids into the river.

There are "other liquids" mentioned there in that communication.

Later I received another letter from the Delta Board of Trade asking that we should check more closely on boats dumping used oil "and other liquids" into the river. That letter is signed by Mr. Bob Grant, secretary of the Delta Board of Trade. There, too, we have the reference to "other liquids". I was rather interested in the reply given to Mr. Carter, and in the fact that apparently there are no other liquids which are covered by the convention or by the legislation which is now proposed. As I interpret subclause (*b*), intended to regulate and prevent pollution by oil, it refers to no substance other than oil, and deals only with pollution caused by oil from ships on any inland, minor or other waters of Canada. I was wondering whether it might not be desirable from the point of view of transport, and since this comes under our act, to include a proviso covering "other liquids" which might be, or are, harmful to salmon or other life in the rivers or waters which may be covered by the act. I take it that the Fraser river is included in this group. Mr. Herridge, I believe, raised the point in respect to minor waters. I do not know whether I misunderstood this clause—I have here a copy of the Canada Shipping Act minor waters navigation regulations, and it says on the second page:

> In these regulations, "minor waters of Canada" means all inland waters of Canada other than lakes Ontario, Erie, Huron (including Georgian bay), Superior and Winnipeg and the river St. Lawrence east of a line drawn from Father Point to Point Orient, and includes all bays, inlets and harbours of or on the said lakes and said Georgian bay and such sheltered waters on the sea coasts of Canada as the ministers may specify.

I do not think that covers the waters which Mr. Herridge referred to.

Mr. LANGLOIS (*Gaspé*): But if you look at subclause (*b*) you will find there the expression "other waters of Canada" which is all-inclusive.

Mr. GREEN: "Inland waters" would cover it too.

Mr. LANGLOIS (*Gaspé*): You have there the expression: "inland, minor or other waters of Canada". It is all-inclusive.

Mr. HAHN: I am pleased to hear that. That would, of course, include the river in which I am most interested—the Fraser river. I was wondering, since subclause (*b*), as it is set out now, is intended to comply with the international convention, if we could not modify it so that it would cover liquids other than oil which might be harmful, because, as I see it and as Mr. Green has pointed out, this possibly should be a separate section of the act in itself. It may be shown that it is not necessary to treat this question of the pollution of inland waters in a separate section, but what I wish to point out is that pollution by oil is not the only kind of pollution from which we suffer in the Fraser river.

Mr. LANGLOIS (*Gaspé*): Excuse me for interrupting at this point but I would like to know what is meant by "other substances"? It could be anything?

Mr. HAHN: Possibly it might include the ejection of waste material from salmon boats, and so on—some of these substances which Mr. Carter has spoken of—dead fish and so on.

Mr. HERRIDGE: Lavatories.

Mr. HAHN: Possibly, lavatories. There are certain acids, also, which might be ejected near the harbours and I am naturally concerned by reason of the fact that many of these fishermen, those working from river boats, especially, are using nylon nets. Now a nylon net is subject to disintegration if it is exposed to certain substances other than oil—oil may not affect them, though it would appear from this statement which I have received that it does. Presumably, therefore, there are certain other liquids which the fishermen have found to have been discharged into the Fraser river and which cause these nets to disintegrate, and I therefore earnestly suggest that the question be inquired into further, namely whether or not it may be desirable to include within the terms of this provision other liquids which may be harmful in their effect.

Mr. BARNETT: I had a question I was going to ask earlier as to what branch of the department is going to administer this legislation—

Mr. LANGLOIS (*Gaspé*): The steamboat inspection service.

Mr. BARNETT: I take it it would be the steamboat inspection service. Now that has been cleared up I turn to this other question raised by Mr. Carter and Mr. Hahn. The same thought has occurred to me, namely whether while we are providing legislation against pollution it might not be wise to take care of possible pollution caused by substance other than oil. I do not know of any example offhand which I could draw to the attention of the committee, except that I understand from recent press reports that quite recently they started to haul liquid pulp down the coast from British Columbia to California—it may be that they have not started the operation yet, but that they plan to start it soon. I do not know whether pulp carried in this fashion would, if put into the ocean, cause pollution or not, but with the development of the wood chemical industry on the coast if this practice of carrying cargo in a liquid or semi-liquid form were to develop, and this type of cargo were carried as normal freight, it seems to me that there would be occasions when ships would be cleaning out their cargo tanks and pollution of shore waters could, at least, result. It appears to me, therefore, that there is perhaps some merit in the suggestion that while we are putting this legislation on the statute book we should include in it a clause which would give the inspection service the power to deal with such a situation if and when it arises rather than that we should have to go through the whole process again at some future date after complaints have been brought to the attention of the minister. It might avoid our having to reopen the act, and it does not seem to me that it would be very difficult to introduce such a provision in respect to our own minor waters.

Perhaps while I am on my feet I might ask one further question in respect to the plans in mind for the control of these practices in what we might term the "more minor" harbours. As I suggested when I spoke in the house there are quite a number of these on the coast of British Columbia which, I take it, would not come within the class of harbours where the facilities referred to in article 8—I think it is—of the convention would be provided. I had occasion to bring to the attention of the minister not too long ago the case of repeated pollution in one of the harbours I am referring to here. The particular harbour was Tahsis on the west coast of Vancouver island, which is strictly a lumber export port, but there are quite a number of such ports in the area and I think

it might be worth while if we could be given some idea as to just what sort of effective control will be introduced with regard to pollution in that particular type of harbour.

Mr. CUMYN: With regard to altering this legislation so as to provide for control of liquids other than oil—for example, sanitary discharges or pulp liquid—we would surely have to find out first just how harmful these liquids are; we surely should name them in the legislation. I do not think we should pass legislation simply giving us power to regulate against the discharge of "any liquid". Would that be wise?

Mr. HODGSON: On the inland lakes pollution from mines effluent, cyanide, or sawdust from sawmills is a responsibility of the provincial government—at least that is so in the province of Ontario.

Mr. LANGLOIS (*Gaspé*): But we are dealing with pollution from ships only, here.

Mr. CUMYN: With regard to the control of pollution in small harbours the only thing we could do would be to set up a small organization of marine inspectors to investigate these matters, report on them and make recommendations. In most cases pollution is caused by ships discharging their ballast either in port or very close to port.

Mr. CARTER: Is there any control under the Canada Shipping Act on pollution caused by agencies other than ships? I have in mind sawdust which can be a tremendous source of pollution in harbours, and extremely dangerous to fish life.

Mr. LANGLOIS (*Gaspé*): There is nothing in the Canada Shipping Act to that effect.

Mr. CARTER: Is there some other legislation which deals with this?

Mr. LANGLOIS (*Gaspé*): It would be a provincial matter.

Mr. BARNETT: Perhaps I may pursue this matter of pollution from other substances a little further—the carrying of pulp is an example which came to my mind. I do know, from studies made at the head of the Alberni inlet at the time a pulp mill was established there, that the effect on the fishing was quite serious. Many of these small harbours are at the end of long narrow inlets which are important fishing streams. Would control of the activities of ships in that connection come under the Department of Fisheries? The Department of Fisheries, as I understand it, has power to control any pollution of water by mill waste or anything else. Would ships which discharge poisonous fluids also be involved in this connection?

Mr. LANGLOIS (*Gaspé*): If you are dealing with pollution by a ship it comes under the Canada Shipping Act and under no other act.

Mr. BARNETT: I cannot see myself why there would be any objection to allowing the governor in council to make regulations to define such and such a substance as being a harmful substance if and when the occasion arose rather than having to make a specific amendment to the act with regard to each substance as the ill effects became apparent.

Mr. LANGLOIS (*Gaspé*): As it was indicated this morning by the chairman of the steamship inspection board, an extensive survey was made of pollution of waters in our inland, minor, and other waters of Canada. It was found that the cause of this pollution came from the dumping of oil by ships. That is why we are seeking power to regulate and to prevent this pollution.

This morning some members have mentioned pollution by other fluids. The survey, to my knowledge, did not reveal that there was pollution from these other fluids. I believe that it would be most unwise for the department or the government to seek authority to regulate the pollution by these other

fluids without knowing exactly to what extent they contribute to the pollution of waters. By doing so, we might, considering some of the examples which have been given here this morning, run afoul, for example, of the fishing industry. Until these other sources of pollution have been ascertained, I do not think that we should seek power to regulate them.

Mr. CARTER: I do not think it is wise to seek to correct a problem until we know exactly what the problem is.

Mr. LANGLOIS *(Gaspé)*: That is right.

Mr. GREEN: Mr. Chairman, I want to ask Mr. Cumyn one or two questions about the pollution on the deep sea. Did he say a few moments ago that the way in which the department would have to check action of this kind would be with the aid of the navy and the air force?

Mr. CUMYN: Yes.

Mr. GREEN: Do you have any arrangement with the Department of National Defence under which that work would be done by them?

Mr. CUMYN: No, sir. We have not made any arrangement in that respect prior to the coming into force of the legislation.

Mr. LANGLOIS *(Gaspé)*: We will make our regulations first and then ask the cooperation of the other branches of the administration.

Mr. GREEN: I would think that would create quite a problem. If you are going to turn the destroyers loose checking on oil which may be dumped fifty miles from the coast, it may be a job which does not appeal very much to the navy and the same, I think, would apply to the air force. They may say that they have other work to do. Have you had absolutely no discussions with the defence officers concerning the carrying out of this work?

Mr. CUMYN: No official discussion, sir.

Mr. GREEN: What about providing facilities for storing this polluted liquid in the harbour? Have you, for example, in contemplation the establishment of such facilities in Vancouver harbour?

Mr. CUMYN: Yes, sir. We have made a very comprehensive study and we have a report covering the different harbours and recommendations regarding the establishment of reception facilities in each harbour. We find, for instance, that there are already in Vancouver harbour three private organizations which have reception facilities which will be available. We find that there are more in New Westminster harbour and we are providing for the establishment in New Westminster harbour of a shore depot for the reception of oily residues. I take it, that that oily residue could be transferred by the reception area to the refinery for disposal.

Mr. GREEN: Is it the plan that the Department of Transport will install these facilities?

Mr. CUMYN: The plan is for the Minister of Transport to direct the National Harbours Board to establish these facilities in national harbours.

Mr. GREEN: Neither New Brunswick nor Port Alberni are national harbours. What about them?

Mr. CUMYN: We do not contemplate establishing these facilities except in the very large harbours. In the case of New Westminster, or any other non-national harbour, where facilities are indicated, the Department of Transport will establish facilities themselves; but the idea is that the operation of the facilities will be handed ont to a private firm.

Mr. GREEN: When do you plan to put this scheme into effect?

Mr. CUMYN: As soon as this legislation comes into effect we plan to commence.

Mr. GREEN: Will you take the power to compel a ship to get rid of its oily waste when it comes into a harbour?

Mr. CUMYN: We are prohibiting the dumping of oily waste in our own territorial waters absolutely, so that a ship will either dispose of its oily wastes outside of our territorial waters or, in a harbour, into reception facilities. It will be illegal for a ship to dump waste oil within our territorial waters.

Mr. GREEN: That will mean, I take it, that it will not be compulsory for a ship to use these storage facilities?

Mr. CUMYN: No, sir.

Mr. GREEN: But if they try to dump it somewhere else then they are in trouble?

Mr. CUMYN: Yes sir.

Mr. GREEN: You could not take a Greek ship or a Panamanian ship and compel them to dump this oily waste when they come into the harbour?

Mr. CUMYN: No, sir; but if we catch them dumping it into the harbour they will be fined.

Mr. GREEN: Then, with respect to the dumping of polluted materials into our territorial waters, is there any other provision in the law at the present time under which pollution of this kind can be met?

Mr. CUMYN: Except for local provisions which may be set up by local harbour boards, I do not know of any other legislation.

Mr. GREEN: Take for example Vancouver harbour; is there any power in any governmental body to prevent the dumping of oil from ships in that harbour at the present time?

Mr. CUMYN: There is legislation prohibiting the dumping of oil into Vancouver harbour on a local harbour control basis.

Mr. GREEN: You mean under by-law of the National Harbours Board?

Mr. CUMYN: Yes, sir.

Mr. GREEN: But there is no section in the criminal code which prevents pollution of that kind?

Mr. CUMYN: Not that I am aware of. There is no federal legislation.

Mr. GREEN: We have had a lot of trouble there in recent years just from oil pollution. Do you have a draft of the regulations which you propose to bring into effect dealing with the pollution of our territorial waters?

Mr. LANGLOIS (*Gaspé*): I have a resume of the proposed regulations. It would be rather lengthy to read.

Mr. GREEN: Would there be any objection to giving the members of the committee a copy of those proposed regulations and putting them in the record of our proceedings? I ask that because this is a new field.

Mr. LANGLOIS (*Gaspé*): We are dealing here with regulations which have not, as yet, been made, but are only in the formative stage. This covers only the main points which we want to have included in these regulations. These may be changed in the light of experience, or even before we have the experience. However we are ready to give you the main points which we want to cover by these regulations.

Mr. GREEN: It may be only in the form of a memorandum, but I would think, Mr. Chairman, that it would be very helpful if we could see that memorandum so that we know exactly what the department has in mind. Mind you, this will apply not only to the few national harbours, but it will also apply to all the Great Lakes, the St. Lawrence, and all the lakes and rivers in Canada, wherever ships are operating. Therefore, it is of very far-reaching importance. I think it would be helpful not only to the committee but also to the Canadian people if they knew the type of thing you are trying to do by these regulations. I do not suppose that anybody in the country objects to

regulations of this kind to prevent pollution; personally I think they are very essential. In any event, this would give us a better idea as to what is in mind than we have under this bill. As far as this bill is concerned, the only information which we have there is contained in three lines of clause 25—section 495A(*b*)—"for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada". That is the whole law there except, of course, for the regulations which follow. Would there be any serious objection to letting us have this memorandum?

Mr. LANGLOIS (*Gaspé*): I am ready to give you the main points which we intend to cover, but before doing so I must say that this by no means is the final draft; it only contains the points which we want to cover. Before drafting the final regulations we will have discussions with the industry. This is in no way final.

Mr. GREEN: If you could give us that statement, it would be very helpful.

Mr. LANGLOIS (*Gaspé*): We propose to cover by these regulations the following points: (*a*) making it an offence for oil of certain description being discharged or allowed to escape from ships into Canadian waters except in prescribed circumstances;

(*b*) if it is considered desirable to do so, for the purpose of protecting the coasts of territorial waters of Canada against pollution by oil, making it an offence for any ship to discharge or allow to escape oil of certain descriptions into designated areas beyond Canadian territorial waters;

(*c*) requiring masters of Canadian ships to keep records relating to operations in connection with oil;

(*d*) applying the requirements made under (*c*) to ships other than Canadian ships while in Canadian waters, if considered necessary;

(*e*) authorizing steamship inspectors or other persons designated by the minister to go on board any convention ship in a Canadian port and requiring the production of such records as are required to be kept by the terms of the convention, or any subsequent convention for the prevention of pollution of the sea by oil, to which Canada is a signatory;

(*f*) requiring discharge or escape of oil into harbour waters of Canada in certain circumstances to be reported to harbour authorities;

(*g*) directing specified harbour authority to provide facilities for the reception of oily residues from ships other than tankers;

(*h*) permitting harbour authority to join with any other person in providing facilities for reception of oily residues;

(*i*) listing the zones within which discharge from tankers of oil or certain oily mixtures will be prohibited;

(*j*) listing of zones into which, as of date, three years after the date on which convention comes into force, the discharge from ships other than tankers of certain oily mixtures shall be prohibited;

(*k*) prescribing that for a preliminary period the discharge into the sea from a convention ship, not being a tanker, of oily ballast or tank washings shall be made as far as practicable from land.

Mr. GREEN: Would it not make the legislation much more easily understood, Mr. Chairman, in the years ahead, if there were a separate section written into the Canada Shipping Act, say, numbered 495B, which would deal with these provisions for preventing pollution by oil from ships in Canadian waters as distinct from the provisions under the international convention. It was pointed out earlier today that they are all mixed up in the present section.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, as I stated earlier, our contemplated policy in this respect is to apply basically the same regulations to our home waters as are going to apply to the waters covered by the convention.

Oil in these regulations is going to be defined by following closely, if not in identical terms, the definition of oil in article I of the convention. Basically we are going to apply the same policy. We may have to make some changes in certain circumstances.

Since we are dealing here with an empowering section to carry out the convention, it has been deemed fit to have the regulating powers for our home waters in the same empowering section. Here I want to draw the attention of honorable members again to the fact that we are going to regulate the pollution by oil only from ships, and we are not going to deal with pollution coming from any other source, which as indicated this morning would be a matter for provincial legislation.

I do not see why we should have a different section since we are dealing with the same matter. The only difference is that we are going to deal with waters not covered by the convention, while at the same time in these waters we want to apply the same policy as set in the convention itself.

Mr. HAHN: Mr. Chairman, I come back to a statement made earlier by, I think, Mr. Cumyn, who suggested that we had gone to many of these inland waters and received either a representation or something which would indicate that there was a problem there. I would take it, in the course of these interviews, that you must have received some representations from bodies respecting the problems in so far as extraneous matter other than oil is concerned. Did you get, in your submission from New Westminster for instance, any representation from any organized body such as the Fishermen's Union there to indicate what their problem was?

Mr. CUMYN: Yes, sir. We have had some representations from fishermen in the neighbourhood of New Westminster, but they were not very definite and they did not name any specific fluid outside of the ones with which we are dealing, oil, crude oil or fuel oil. We have never investigated what harm may be caused by other fluids and we are not in a position to say just how damaging they are.

Mr. HAHN: Under those circumstances I would say then it would appear at this time that your conclusion would be that if you cover oil at this time, if there are other matters which would appear to be damaging we would have to bring in a change in the act later specifically naming them.

Mr. CUMYN: Yes, sir. The determination that a certain fluid is harmful will require a very comprehensive investigation. Even today there is no one, I think, prepared to say definitely that fuel oil or crude oils are harmful to fish life. Even this Faulkner Report, based on investigations carried out by the British, is very careful in stating that there is damage through spoilation of species of sea birds and goes on to say: "Some people claim that this oil destroys fish life." But I have never yet seen any definite statement that fish life is being destroyed by oil.

Mr. HAMILTON (*York West*): Mr. Chairman, I think I would like to support the suggestion made by the honourable member from Vancouver Quadra, as you would expect me to.

Mr. LANGLOIS (*Gaspé*): As a matter of principle.

Mr. HAMILTON (*York West*): I knew you would have said that, so I just beat you to the remark. But it seems to me, sir, that one of the chief reasons for saying that I would support such a suggestion as he has made, comes from the actual reading of the proposed regulations that you have just made, sir—or at least the parliamentary assistant has just made.

Now, there seems to be a logical tie-up to the starting of the words in 495A. It is a preamble of the same type, and then everything that follows fits in with it and modifies that preamble. The additional proof I think I

might look for is in the words of the regulations as proposed and read by the parliamentary assistant. Those two are fitted very closely, and I followed them, with the preamble here. It seems to me that if we want to avoid confusion in the future, then now is the time to do it. There is no use coming back after some lawyer gets hold of this thing, when it is passed and says: "Here is a loophole in this legislation, a way out of it". I would strongly suggest, as the member for Vancouver Quadra has said, that 495A(*b*) be put in there to take care of all those things which would not naturally follow from the signing of the convention itself.

Mr. LANGLOIS (*Gaspé*): Mr. Hamilton, do you not think that if we are going to have two empowering sections, and two sets of regulations, that we are going to add to the possibility of confusion? Take a convention ship that comes within our territorial waters; she has to comply with the regulations made under the convention. She comes up the St. Lawrence seaway and into the lakes, and then her master is told there is another set of regulations applying there. Would he not be inclined to say, "These regulations are good for the other ships only. I do not have to comply with them as a convention ship." This might lead to confusion and misunderstanding.

Mr. HAMILTON (*York West*): As a matter of fact, sir, if I might interrupt you, I would say that I do not expect to see separate and distinct requirements, I do not expect to see them necessarily. But, I think that the enabling section, which is behind them, may be required to ensure that everybody knows that it covers not only a ship covered by the convention but any other ship. I think it is a most important feature that when your regulations are published, it may be that they are published as a result of section 495A(*a*), and section 495A(*b*)—that there will be no doubt left in anybody's mind as to who is covered.

Mr. LANGLOIS (*Gaspé*): I gave you earlier an example of the foreign convention ship. Take now a Canadian ship covered by convention. She is required under this new section that you are now suggesting—call it 495A(*b*), to comply with some requirements whilst in the lakes. After that, she goes on the east coast, the Atlantic coast outside of the territorial waters of Canada and her master may think that the convention does not apply to his ship there. It might lead to confusion there, even for our own Canadian ships.

Mr. GREEN: I think it would be worth while to give consideration to having two sets of regulations, because the convention provides a very different procedure than you would require for the dumping of oil right in our own waters. The main purpose of the convention is to cover the dumping of oil up to 50 miles off our shores, and if you will read the terms of the regulations you will see that that is quite a different problem than the dumping of oil right against our shore.

Mr. LANGLOIS (*Gaspé*): It includes also, Mr. Green, the disposing of oil in harbours.

Mr. GREEN: No, the dumping of oil 50 miles out is a crime under this convention, and it is not a crime under—

Mr. LANGLOIS (*Gaspé*): You mean within 50 miles.

Mr. GREEN: I beg your pardon?

Mr. LANGLOIS (*Gaspé*): You mean within 50 miles, not outside 50 miles?

Mr. GREEN: If a Greek ship dumps oil 45 miles off the Canadian coast, then it is subject to a penalty.

Mr. HOSKING: Or right in the harbour.

Mr. GREEN: Yes, but if it dumps oil outside of 45 miles, it is subject to a penalty under this convention. But, if it dumps oil in the harbour, then it is subject to the provisions applying to our local waters. Now, take for example Article II of this convention which provides for the exemption of ships that are not subject to the international convention. One example of that is a ship under 500 tons gross tonnage. You cannot lay any charge against a ship which is under 500 tons gross tonnage under this convention. Supposing a 300-ton gross tonnage ship dumps oil off the Newfoundland shore, or off the B.C. shore and then the department proceeds to prosecute under this section 495A(*a*); Mr. Hamilton is acting as lawyer for that ship. He most certainly will refer to the convention and see that the convention does not apply to ships under 500 tons. Therefore, the convention does not apply to the ship in question the way this section 495A reads: "The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the 14th schedule, is approved, and the governor in council may make regulations: (*a*) to carry out and give effect to the provisions of the convention—", and so on; "(*b*) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada;—". Now, surely a lawyer would argue and would probably convince the judge, that the paragraph (*b*) only refers to ships coming under the international convention. If he is successful in that, then your prosecution falls to the ground, because, the ship in question is under 500 tons.

Now then, to get away from that situation, what we are suggesting is that it would be wiser to have a separate section which makes the law absolutely clear, that in any Canadian inland, minor or other waters you cannot dump oil. If you had a separate section, then the prosecution would be under that separate section, and you would get away from all the difficulties of proving that the offence comes under the international convention. I think that the people of Canada are entitled to have that law made clear, and to have spelled right out what they can and cannot do in Canadian waters, insteading of just tacking it on to a law dealing with the international convention.

Mr. LANGLOIS (*Gaspé*): I am sure, Mr. Green, you have a higher regard than that for the abilities of Mr. Hamilton as a lawyer; consequently before taking action in a case like that, or before accepting to defend his client, he would surely have a look at the regulations made under section 495A.

Mr. GREEN: The regulations cannot go any further than the section under which they are drawn, and the section is obviously—

Mr. LANGLOIS (*Gaspé*): Subsection (*b*) is not limited to the provisions of the convention. It does not refer to the convention at all.

Mr. GREEN: No, no, but the only authority the department is taking for drawing the regulations, is the regulations in respect of the international convention. Now, that is not what you want to do. You do need regulations to enforce the international convention, but you have to have a separate power to deal with the pollution of our water. It might not be done by the ship that goes outside of Canadian territorial waters. In fact, the chances are that it will be done by a coastal vessel or a vessel of the Great Lakes that is not affected in any way, shape or form by the international convention. Now, we only bring this forward as a suggestion to clarify your legislation, not to criticize the objective at all. It is merely to help you get your legislation in the best possible form.

Mr. LANGLOIS (*Gaspé*): Mr. Green, if you refer to Article XI of the convention you will find that it reads as follows:

> Nothing in the present Convention shall be construed as derogating from the powers of any Contracting Government to take measures within its jurisdiction in respect of any matter to which the Convention relates or as extending the jurisdiction of any Contracting Government.

Mr. GREEN: I quite agree with that, that is perfectly clear.

Mr. LANGLOIS (*Gaspé*): I am sure that Mr. Hamilton will read this article before taking his case to court.

Mr. GREEN: That does not meet the argument, Mr. Chairman. What we are asking is that the department actually do that very thing that is set out in Article XI; that it make another provision, have other regulations, dealing with the dumping of oil in our territorial waters, and under that article you have got the power to do so. "Nothing in the present convention shall be construed as derogating from the powers of any contracting government to take measures within its jurisdiction in respect of any matter to which the convention relates or as extending the jurisdiction of any contracting government."

Now, all that I am saying is: follow that course and write a separate section into the act dealing with the pollution of our territorial waters.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, it seems to me—I am not a lawyer and probably look at this thing in a different way—but it seems to me that the act is quite clear, and that subsection (*b*) does not necessarily relate to convention ships. Now, I do not see why you would want to confuse people's minds by that addition. Anyone who reads the act can see that subsection (*b*) relates to ships other than ships under the convention. To have two sets of rules or regulations which apply to the same thing it seems to me would be very confusing. I think that in this particular respect it is better to leave it just the way it is. Maybe then there will not be such a need for lawyers to argue the points. I am not against lawyers, but I was just pointing out that perhaps Mr. Hamilton has got something in the future in mind. I think we better leave the act the way it is.

Mr. HAMILTON (*York West*): As a matter of fact, those who practice in the admiralty field no doubt will be very upset that I am handling this hypothetical case here, that I am extending my practice of the air business into the sea business. Peculiarly enough, I do take a slant almost directly opposite to what Mr. Johnston has said. He has looked at it and said, "Well, now, I see subsection (*b*) and there it is; it is quite clear". The first impression that we get from it when we take a look at it is that subsection (*b*) related to section 495A, the preamble on top of the section. Now, there is a difference in attitude, in taking a first look at this and making a decision on it. I think, Mr. Johnston, that is proof enough that there is going to be confusion in respect to it. If there is confusion in this committee, as I said on Friday when we were talking about other matters—if there is confusion in this committee on it, then obviously we can expect confusion outside.

Now, I think, notwithstanding the section that you read out of the convention, that over the noon hour recess you might consider, or have some of your departmental officials consider the advisability of clearing this up.

Mr. JOHNSTON (*Bow River*): Could we let it stand until after lunch and go on with something else?

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, a good deal has been said about the convention, and I do not see where the cause of such confusion is in this empowering section that we are seeking here. We have an international convention and we are going to make the regulations to carry out this convention. Now, we want to extend this convention to cover Canadian waters, that is our own inland, minor and other waters in Canada.

Mr. GREEN: You want to go further than that.

Mr. LANGLOIS (*Gaspé*): We want to follow the same basic policy as the one contained in the convention. I do not see why there is so much confusion.

Mr. GREEN: Mr. Langlois, do you not want to cover ships under 500 tons gross tonnage?

Mr. LANGLOIS (*Gaspé*): In Canadian waters, yes.

Mr. GREEN: But you are not going to.

Mr. LANGLOIS (*Gaspé*): In inland waters, I should say.

Mr. GREEN: It goes further than extending the convention. You have got to have a special provision to cover all those ships. You cannot just take—

Mr. LANGLOIS (*Gaspé*): We will have a regulation to that effect for inland, minor and other waters in Canada, prohibiting the dumping of oil by ships, no matter what size.

Mr. JOHNSTON (*Bow River*): It says that in section B.

Mr. HAHN: No, it does not.

Mr. LANGLOIS (*Gaspé*): I do not know what good it would do to have an additional section.

Mr. GREEN: I will tell you what I would do; I would leave that section just the way it is, dealing with the international convention for the prevention of pollution at sea, and then I would add another section dealing with the pollution by ships in our own waters, in a separate section.

Mr. LANGLOIS (*Gaspé*): Is that not saying exactly what subsection (*b*) says there?

Mr. GREEN: I beg your pardon?

Mr. LANGLOIS (*Gaspé*): Is that not saying exactly what subsection (*b*) says there?

Mr. GREEN: I would add a 495B for our own local waters. I think that according to the legal rules of interpretation a court would decide that the whole of clause 495B refers to the international convention and to it alone.

Mr. LANGLOIS (*Gaspé*): I would like to know what more you would want to add to the present subparagraph (*b*), if you are going to put it in a separate clause. What is it that you have in mind which should be added?

Mr. GREEN: If you do not want to put in any wider provision for the dumping of other substances, then leave it at oil. But the main purpose of the new clause would be to make it a crime for anybody to dump oil into Canadian waters. If you put it that way, you would get away from the exemption of a vessel under 500 tons, for example, and you would make it apply to all ships, be they large or small in Canada; because some of the little vessels would make much more trouble than the big ones. Those are the ones you would have to contend with on the coast and probably in the Great Lakes as well.

Mr. LANGLOIS (*Gaspé*): It is not only a question of the dumping of oil, but there is also the matter of keeping records. We would need to have the power to make regulations.

Mr. GREEN: All right. Take the power to make regulations.

Mr. LANGLOIS (*Gaspé*): Then you would have two sets of regulations.

Mr. GREEN: What harm would there be in that?

Mr. LANGLOIS (*Gaspé*): Would it not cause confusion?

Mr. GREEN: You will have confusion anyway, because the whole of your regulations will apply only to the dumping of oil off the coast, while the others will apply to the dumping of oil right on our shores. I think it would be wiser to have two sets of regulations.

Mr. LANGLOIS (*Gaspé*): That is exactly the argument I made. If we have two sets of regulations, we would have confusion because interested parties would not know which set of regulations to comply with; whereas if we only have one set of regulations, then they will know what to comply with. If you have in this one set inland and minor waters and other waters of Canada, they will know that dumping is completely prohibited there. Even if a ship is over 500 tons it cannot dump oil into the sea in these waters. Therefore there would be only this one guide to go by and not two of them.

Mr. HAHN: Might I suggest that Mr. Langlois look it over during the noon hour and that we now call it one o'clock?

The CHAIRMAN: Very well. We shall adjourn at this time to meet again at 3 o'clock this afternoon.

(Luncheon adjournment.)

AFTERNOON SESSION

JULY 18, 1956
3.00 P.M.

The CHAIRMAN: Gentlemen, we have a quorum.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, having had a good dinner, and partly being influenced by what my lawyer friends back here had to say—

Mr. LANGLOIS (*Gaspé*): Where did you have your lunch?

Mr. JOHNSTON (*Bow River*): I almost believe that that section is a little misleading. I think the suggestion that Mr. Green made in respect to clarification of it might be needed. Subsection (*b*) it would seem to me, could be made a little clearer so as to apply to those ships not under the convention, and operating in our minor waters, and so on. That would make it clear. I still do not see the need of two sets of regulations. I think that could be cleared up in this section right here, and I think the chairman should give consideration to that.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, that is a matter of drafting. I must admit right away that I am not an expert in the drafting of legislation. The proposed wording in the bill was suggested to us by drafting experts, who have considered, I am sure, all the points which were made here this morning. However, during the luncheon recess a different wording was suggested to us in respect to the proposed section 495A, which would, to my mind, cover most of the points and most of the objections raised this morning.

With your permission, Mr. Chairman, I will read from this proposed new drafting of section 495A. It would read as follows:

> 495A. (1) The International Convention for the Prevention of Pollution of the Sea by Oil, 1954, set out in the Fourteenth Schedule, (hereinafter called the Convention), is approved.
>
> (2) The Governor in Council may make regulations
>
> (*a*) to carry out and give effect to the provisions of the Convention;
>
> (*b*) for regulating and preventing the pollution by oil from ships of any inland, minor or other waters of Canada; and
>
> (*c*) prescribing a fine not exceeding five hundred dollars or imprisonment not exceeding six months or both fine and imprisonment to be imposed upon summary conviction as a penalty for violation of a regulation made under this section.

I wish to submit to the committee that this new proposed section is quite clear, and I think meets most, if not all, of the objections raised this morning.

Mr. GREEN: The only suggestion I would make with regard to that change would be: that after the new "(*a*)" you add words something like this: "and in addition", so that that would make is absolutely clear that "(*b*)" has nothing whatever to do with the convention.

Mr. LANGLOIS *(Gaspé)*: I had something like this in mind—I did not have the exact words that were used by one of my colleagues in this committee before luncheon, but I suggested the word "also". However, I am told by the drafting experts that if we did add that word it would tend to restrict the application of "(*b*)", because it could be interpreted as meaning that you could do "(*a*)" but you could do "(*b*)" only after you have complied with "(*a*)". It would be restrictive.

Mr. CAVERS: That could be, I think.

Mr. LANGLOIS *(Gaspé)*: I am told, in addition to that, that "and" is implicit.

We have here Mr. Driedger, the Assistant Deputy Minister of Justice, and he could perhaps explain further what I have just said, if the committee wishes to hear him.

Mr. HAHN: I think we should hear him.

Mr. E. A. DRIEDGER (*Assistant Deputy Minister, Department of Justice*): Yes: Perhaps I might start by asking if there are any question that might be asked? Mr. Langlois has explained what we are trying to do here. I might mention, perhaps, the history of this section. It originated simply with a provision that the governor in council might make regulations, and then we have (*a*), (*b*) and (*c*). But, in the Senate committee they felt that there should be extra approval by parliament of what was to be in at the beginning of the section. That is what led to the form you now have before you. I can appreciate that there might be some confusion in the minds of people reading that, thinking that all the paragraphs apply to the convention, whereas (*b*) goes beyond the convention. So, I thought that the point might be met by breaking it up into two separate subsections. The subsections would state independently, and on an equal footing, that the governor in council might make regulations for (*a*), (*b*) and (*c*). Now, it was suggested that (*b*) might be preceded by saying, "and in addition". That could be done, perhaps, but I am afraid that that might be construed as meaning that you cannot make regulations under (*b*) unless you had first made regulations under (*a*) and those regulations continuing. Having done that, you might in addition make regulations under (*b*). But, it might be interpreted as meaning that you cannot make any regulations under (*b*) at all, unless you first made them under (*a*). I think perhaps Mr. Green's point is met by the fact that "and" conjunction at the end means that you must read (*a*), (*b*) and (*c*) and I think that does give the power you are looking for.

Mr. BARNETT: Mr. Chairman, I have been reading the definition section and—

Mr. LANGLOIS (*Gaspé*): Are you speaking of clause 25?

Mr. BARNETT: Clause 25, yes. In reading the definition of a ship in the definition section of the act, which says " 'Ship' includes every description of vessel used in navigation not propelled by oars; for the purpose of Part I (recording, registering and licensing) and sections 657 to 662 inclusive (limitation of liability) it includes every description of lighter, barge or like vessel used in navigation in Canada however propelled;". Now, the question I would like to ask in connection with the use of the word "ship" in this section that we have under consideration is: whether by virtue of the definition section we are excluding from the regulations here barges which might be used—that is non-propelled barges—which might be used for the transport of oil? Because,

it limits as I understand it, and as I read this definition section, it limits the application of the word "ship" in respect to non self-propelled vessels, or barges, to Part I, and to section 657 to 662 inclusive. It occurs to me that if that is the case, this could happen: if oil was being transported by barges which were not self-propelled, there would be no control over anything that they might do, in respect to pollution from such barges.

Mr. LANGLOIS (*Gaspé*): If you refer to section 2 of the act, the interpretation clause, subparagraph 98, you will see that a " 'ship' includes every description of vessels used in navigation not propelled by oars; for the purpose of Part I (recording, registering and licensing) and sections 657 to 662 inclusive (limitation of liability) it includes every description of lighter, barge or like vessel used in navigation in Canada however propelled;" that is the definition that would apply to this paragraph.

Mr. BARNETT: Does the definition section apply, or does it not apply? I am not quite clear on this; does it exclude for all other parts of the act except Part I, and sections 657 to 662—lighters, barges and so on?

Mr. LANGLOIS (*Gaspé*): I do not think so.

Mr. BARNETT: I cannot take any other meaning out of it. I would like to have some explanation as to just what that does mean there. Why is the providing section of the definition put in there after that semicolon, if it is not designed to—

Mr. CUMYN: I think "however propelled" is the answer. A ship is something that is not propelled by oars.

Mr. LANGLOIS (*Gaspé*): Mr. Barnett's contention is that this "however propelled" applies only to Part I. That is your point?

Mr. BARNETT: Yes. Part I, and these few other specific sections.

Mr. LANGLOIS (*Gaspé*): It would eliminate, according to his contention, all vessels not propelled by oars; that is your point?

Mr. BARNETT: All vessels not—the first part says that anything which is larger than a rowboat is a ship. That is the way I understand the first part. But, then it goes on to say that which I assume means that these vessels not propelled by steam or—

Mr. LANGLOIS (*Gaspé*): If you exclude from the definition given in section 2, everything having to do with Part I, you have a definition of a ship which reads as follows: "Ship includes every description of vessels used in navigation not propelled by oars." If I understand your contention, the remainder of the definition applies only to Part I.

Mr. BARNETT: That is the reason I raise that question.

Mr. BALDWIN: Part I is the registry section, and our registry staff tell me that they have interpreted this definition to mean that it is included specifically to make it possible for barges and lighters to be registered as ships, and they are so registered.

Mr. BARNETT: You are quite sure that for barges, in this oil pollution part of the act, if pollution was caused by a tow barge, it would be covered by this?

Mr. BALDWIN: Yes, but pollution caused by throwing something from a rowboat would not be covered.

Mr. LANGLOIS (*Gaspé*): It would exclude rowboats, that is all.

The CHAIRMAN: Shall clause 25 carry?

Mr. LANGLOIS (*Gaspé*): Mr. Cavers, perhaps you could move the amendment which I just read. Do you want to take it as read, or do you want the secretary to read it? Do you want to take it as read? Would you move this amendment, Mr. Cavers?

Mr. CAVERS: Yes, I will.

Mr. LANGLOIS (*Gaspé*): Do you want the secretary to read it?

Mr. CAVERS: That is the one that is read. I move, seconded by Mr. Hosking, that clause 25 be amended by adding the following to section 495A, as follows: —as read by Mr. Langlois.

The CHAIRMAN: Shall clause 25 as amended carry?

Clause agreed to.

On clause 26—Exemption.

Mr. GREEN: Clause 26 just makes a correction?

Mr. LANGLOIS (*Gaspé*): Yes, that is the only purpose of it.

The CHAIRMAN: Shall clause 26 carry?

Clause agreed to.

On clause 27—Regulations.

Mr. NESBITT: Mr. Chairman, probably Mr. Langlois, and some other members of the committee will know that this has been a subject which has been of considerable interest to myself, and to other members for some time. I thought it might save a little of the committee's time if I read these questions through, and then Mr. Langlois might answer them or comment on them.

Mr. LANGLOIS (*Gaspé*): Would you mind, Mr. Chairman, before doing that, if I make a very short explanatory statement?

This clause has to do with section 645 of the Canada Shipping Act. The present subsection 4 confines to minor waters the power of the governor in council to make regulations governing navigation. It was under this subsection that minor waters navigation regulations were made affording some measure of defence to the public against the reckless operation of motor boats. However, the scope of the regulations has been found to be inadequate since many tourist centers are situated on bodies of water not included in the minor waters of Canada. The department has received many protests and complaints from the public concerning the reckless operation of motor boats by minors and others to the danger of canoeists, swimmers and others, but there has been no recourse owing to the limitations in this subsection. The amendment is designed to make possible a better control over the operation of power boats.

(1) By extending the application of the subsection to all waters in Canada;

(2) By empowering the governor in council to make regulations requiring operators of motor boats to be licensed. The regulations will be designed to ensure that operators of power boats will be responsible persons with an awareness of the rules of the road, and other safety regulations.

Now, if you want to go ahead.

Mr. NESBITT: Yes. I would like to commend the parliamentary assistant, or the minister or whoever is responsible, for making an amendment to this section. I am quite sure that such amendments are very necessary in view of the conditions that have been pointed out by the parliamentary assistant in the house, and by other members.

There is only the question that arises in my mind at this time as to how far the department intends to go with these regulations. Now, it has been indicated by the parliamentary assistant that certain types of regulations are in mind, and for this reason there are a number of specific questions I would like to ask him, which are as follows: first, is it the intention of the department—before I put this question, I might say that it was my understanding as of two meetings ago of this committee that the parliamentary assistant stated that in the fall there are going to be conventions at which time officers of the department could consult with boat clubs, yachting clubs, and

manufacturers of outboard motors, and boats, and also a questionnaire sent out in order to get the best possible regulations. The questions then that I have in mind are as follows: is it the intention of the department to have licences, or some sort of registration for all types of small boats, which would include boats powered by engines less than 10 horsepower, sail boats, possibly even rowboats, or canoes?

Now, my contention, Mr. Chairman, in this respect is that it might be very favourable for the department to have statistics showing the total number and class of small boats, even including rowboats and canoes, in order that future regulations which may be necessary from time to time can be made. It is just a suggestion in this respect that it might be possible, if we do not want to issue licences to people who own rowboats and canoes, merely to have some form of registry so we know the total number in existence. Also in this regard, will any licence fee be charged—there is none at the moment. Perhaps, Mr. Chairman, Mr. Langlois might care to answer those questions before I go on to the next.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman I believe that Mr. Nesbitt is confusing two things, because he is talking about the licensing of the boats themselves, and not the operators.

Mr. NESBITT: Just a minute, Mr. Chairman, I am coming to the operators next. This is just in respect to boats, this particular line of questioning.

Mr. LANGLOIS (*Gaspé*): This section deals with the licensing of operators. In this respect we have not as yet drafted our regulations. As I understand, and as I stated yesterday, or the day before yesterday, to this committee, before we do draft these regulations we want to consult with, and we want to get the views of all those interested in boating operations. We want to consult with those who operate beaches those who are interested in boating organizations, and we want to consult with the manufacturers of motor boats, and in a word, with all those who are interested in boating. It is our intention, some time between now and the fall, to get in touch with those organizations, by way of a questionnaire which will be sent out to all those interested, seeking their views and suggestions about these proposed regulations, and also informations about the present situation.

Mr. HAHN: Pardon me, Mr. Langlois, did you say "will be" or "have been"?

Mr. LANGLOIS (*Gaspé*): Will take place in the fall. You are referring to these discussions that are going to take place?

Mr. HAHN: Yes.

Mr. LANGLOIS (*Gaspé*): As far as limiting the horsepower to which these regulations are going to apply, we have not made up our minds as yet. Our decision will depend on the views that are going to be made known to us after we have gone into these consultations, and we have received the views of those interested.

Clause 27, as it now stands, will cover any type of boat, no matter what the power is. There is no limitation in the clause itself. It is probable that after we have consulted with those interested we will decide that these will only apply to motor boats equipped with 5 or more horsepower engines. It is probable that it may be limited to 10 horsepower engines. But, so far we do not know where the limitation is going to be placed or if there is going to be any limitation. It will depend on the results of the consultations and the discussions we are going to have with interested parties.

Mr. NESBITT: Mr. Chairman, I would like to ask Mr. Langlois just one other question on that particular branch of the subject. I will not ask if it is the intention, because Mr. Langlois has stated that they have not yet drawn

up the regulations. But, would it not be of considerable advantage to, not necessarily licence, but at least have a register of all types of small boats so that we know the number there are?

Mr. LANGLOIS (*Gaspé*): The boat registration is done under section 109 of the act. It has nothing to do with this.

Mr. NESBITT: I think, Mr. Langlois, you are confusing my use of the word "registration".

Mr. LANGLOIS (*Gaspé*): Are you speaking of registration of the boats or of the operator?

Mr. NESBITT: No, no, I am speaking of boats. I know quite well what registry means under section 109. Perhaps I should use another term so as not to cause confusion of terms. Would there be some record of all small boats that are owned in Canada, regardless of their size, or whether they are propelled by oars, or by motor, or by sail, merely for the purpose of the department having statistics in respect to the number of people who are likely to be at large on various bodies of water—and it of course could include boats propelled by engines, sailing boats, canoes, and rowboats?

Mr. LANGLOIS (*Gaspé*): I would ask Mr. Baldwin to answer that.

Mr. BALDWIN: Under section 109 we do issue a licence to the boats, as distinguished from operators. At the present time the only list we have is for boats of 10 tons or more. If, as a result of discussions, it appears that there should be a listing, and from the point of view of the R.C.M.P. they want such a listing, it would then be open for you to amend the regulations under section 109 to provide for such a listing, or licensing of them.

Mr. NESBITT: That is what I meant—not necessarily in the case of canoes, but just for record purposes of the department in respect to the number of boats. Now, was there any intention regarding any license fee for the licensing?

Mr. LANGLOIS (*Gaspé*): I said in the house that there would be no fee.

Mr. NESBITT: Under this clause 27 as amended, I see that the amendments proposed extend to all waters of Canada, which is quite broad. Subparagraph (*a*) says: "for the government and regulation of any part or parts of the inland, minor or other waters of Canada". The words "govern and regulate" are very broad, indeed. I am very glad they are, because they give the department considerable power to regulate. Then, of course, "for the licensing of operators of vessels on such waters—" and "for the enforcement of any such order or regulation". Now, there are one or two thoughts arising in my mind. Since I understood from Mr. Langlois that they have not as yet drawn up, or attempted to set the regulations, I would rather put this remark in the form of a suggestion for the purposes of the record. The thing that occurs to my mind is this: in view of the present regulations, I rather hoped that the life saving equipment regulations would be extended to sailing ships as well as to power-driven vessels. Then a question also arises in one's mind with respect to even small boats such as rowboats and canoes. The obvious thing is for someone to say that it would be ridiculous to have life-saving equipment, as we know it at the present time, installed in rowboats and in canoes. There would not be room. However, it is possible that the officials of this department might discuss the matter with the National Research Council people and that some form of life-saving device might be dreamed up which could be used in rowboats and canoes. That is just a suggestion.

I rather gathered that the speed at which power boats can be driven will probably be regulated. I hope that is the case.

Regarding the licensing of operators of boats, I would assume that there will be certain age limits for persons allowed to operate boats and also that they will have to pass some sort of examination which, I think, is something on which most people will agree.

There is another regulation regarding boats which might commend itself to officials of the department; that is, that all boats of certain classes, power boats or even sailboats, be equipped with flares and smoke floats to attract attention to them in the case of emergency. That would, of course, I think, have to be for certain classifications of boats.

Another thing which I believe should be made clear in the regulations has to do with the type of fire-fighting equipment which will be required aboard power-driven boats. Naturally, aboard sailboats and some other types, perhaps it is not as necessary.

There are one or two other suggestions I have in this regard. With respect to the question of enforcement of these regulations, as the parliamentary assistant told us yesterday when I was asking some questions about spot checking of vessels under five tons, it is very difficult to expect the Royal Canadian Mounted Police to enforce all these regulations because the R.C.M.P. have other duties and to do this would mean that there would have to be an increase in the staff of the R.C.M.P. If it were necessary to increase the staff of the R.C.M.P. to carry out other suggestions which were made by some members of the committee yesterday with respect to vessels of five tons and under, which I think we were informed takes in 12,000 or more all over Canada, it would certainly test the gullibility of the staff of the R.C.M.P. to ask them to spot check several hundred thousand small boats, which I suspect there are, of all classes in Canada.

It seems to me, Mr. Chairman, that the way to get around this would be relatively simple and relatively inexpensive. This small boat problem is a seasonal problem in Canada with respect to the type of small boat contemplated by this amendment; it is strictly a seasonal problem, particularly in areas such as the Montreal area, Lac St. Louis and the lower Great Lakes and resort areas of Ontario, Muskoka, Haliburton and various other areas where this problem will arise.

This is just a suggestion. However, I think that the department might well, on a summer basis, hire university students who could be given training for a period of a week or ten days if necessary. It would cost very little for the four months and it would be much less expensive than increasing the force of the R.C.M.P. to carry out this spot checking of all these boats. These students could check all the fire-fighting and life-saving equipment, and the students could also do another thing; they could have meteorological reports passed on to them in certain areas, particularly in the lower Great Lakes area, which probably has more changeable weather than any other place on the continent. Also storm warnings would be very important. If necessary in some cases these temporary summer police—which you might call them—of the Department of Transport could even have the power of prohibiting people taking small boats out in large bodies of water. I know that this is done in the United States by the American coastguard. When a storm comes up and you are in harbour, you just cannot take your boat out. That is a very sensible regulation.

These student police in the Department of Transport could act as coordinators. I think that most people realize at the present time that there are services to be performed in respect to search and rescue work such as are performed by the Royal Canadian Air Force at Trenton and other parts of Canada and also by the R.C.M.P. who have certain power boats; but the big problem is to coordinate these. The provincial police have certain rescue services. The general problem in most places is to get in touch, in the case of an accident, with these services, and these student police could act as coordinators in the case of an accident. Speed is the important thing in

the case of an accident. They could get in touch with the Royal Canadian Air Force, the Royal Canadian Mounted Police or the provincial police, as the case may be.

It may also be that these student police, if we consider using them, should have the authority to enforce the regulations on young people, perhaps, who are intoxicated or who are driving speed boats around in a congested area where there are other boats and where people are bathing.

Another suggestion which I have in this respect is that in very congested areas, possibly in the lower parts of Lake Ontario, the department might, in the summer, consider renting a boat which could be used as a duty boat. I do not think that this committee, or others who are interested in this, wish to see a large amount of money being spent but are merely interested in providing the most efficient service at the minimum cost.

The member for Stormont and the member for Kootenay brought up the question yesterday with respect to the regulations regarding the adequacy of life preservers, and I do not wish to go into that at present.

There is another question which I would like to ask the parliamentary assistant with respect to clause 27(5): "Any rule, regulation or order made under this section may provide for a fine not exceeding five hundred dollars for contravention of or non-compliance with any provision thereof." Does this clause come under the Summary Convictions Act?

Mr. LANGLOIS (*Gaspé*): It comes under section 683 which reads as follows: "Fines incurred or imposed under this act may, except as othewise provided by this act, be recovered before a stipendiary or police magistrate, or two justices of the peace on summary conviction pursuant to the provisions of the Criminal Code relating to summary convictions."

Mr. NESBITT: I just wondered whether it comes under the Summary Convictions Act. Since it does, that covers the point very well. Those are all the suggestions which I have to make, Mr. Chairman. If the parliamentary assistant cares to make any comment at this time it would be appreciated.

Mr. LANGLOIS (*Gaspé*): My first comment would be on your suggestion having to do with the equipment. The suggestion which you have made will be taken into consideration, but we have to bear in mind that these small boats have a load capacity which should not be exceeded. If they are loaded to a point where they are unseaworthy, what is the use of having life-saving equipment and so forth. There would have to be a line of demarcation.

As to the cooperation of the local authorities, I have said in the house that it was our intention to consult with, and seek the views of, provincial and local authorities.

In so far as your suggestion with respect to students is concerned, I think it is a pretty good suggestion. However, one must bear in mind the extent of the coast which we have to cover.

Mr. NESBITT: It is only in certain very congested areas. The R.C.M.P. could cover the others.

Mr. LANGLOIS (*Gaspé*): But you must admit this is quite a problem, even if you are going to look after the more concentrated areas only. You have to take into account the immense territory that you would have to cover. Your suggestion has some merit and should be considered.

As far as the system of storm warning is concerned, as you no doubt know, the visual storm warning system is pretty well out of use today due to its limitations. We are now looking into the possibility of making more extensive use of radio for storm warning purposes.

You also referred to the rescue angle of the problem. I think it was when your motion was debated in the house that some figures were given as to the extent of the air search and rescue activities that we now have with the cooperation between the R.C.A.F., the R.C.M.P. and our own departmental vessels. On this particular occasion when your motion was discussed, it was also pointed out that we had in mind enlarging our activities in that respect, and I may say for the benefit of members of the committee that our department is contemplating, in the near future, the addition to our departmental ships of the modern means of rapid communication which can be provided through the use of helicopters. In designing new ships as replacements for the existing ships, we wish, as far as feasible, to provide platforms which could be used by helicopters. As far as this is feasible, we also wish to convert the existing ships into helicopter-carrier ships in order to expedite and to extend the scope of our search and rescue activities. We definitely have this in mind and it is in the thinking of the officials of our department.

Mr. HOWE (*Wellington-Huron*): Will any of the helicopter platforms be used in the Great Lakes?

Mr. LANGLOIS (*Gaspé*): Yes. I am told that the ship which is now under tender for the upper Great Lakes—Lake Huron—is going to be provided with a helicopter.

Mr. Nesbitt, I do not know whether I have covered all the points which you raised but I can say this, that we are going to take into account the views which you have expressed today and we hope that we will get an expression of views of this kind from the general public. We want to have regulations drawn up which will not only be the views of officials of the department but will also be the views of all those interested in safety afloat. That is why we are having this conference in order to have discussions with all those interested in these kinds of activities, before we draw up the regulations.

Mr. BATTEN: Mr. Chairman, I understand that this clause 27 refers to the small craft. I think that the department could very well lower the rate of horse-power down to five horse-power rather than ten.

With respect to the licensing of operators, I might give you an example. My own family is a good example. In the summer time they have a holiday and do water skiing. My boat is licensed and is the only one amongst 400 which is. On that lake I have had probably six or eight people ask, "what are the numbers on the side of your boat", and I have said, "do you not know that you have to have your boat licensed if it is over ten horse-power?" They say, "no, who is doing that." I say, "write to Lindsay and you will find out; or if you do not, perhaps a policeman might come along some day and you might have to appear in court".

I would suggest that a small advertisement might be put in every weekly newspaper in these tourist areas, not necessarily all across Canada. I think that the department might ask the member of parliament in a particular area to give to the department the names of the local papers that are in the area and then a small advertisement stating that there is such a provision as this.

The government should consider reducing the power from ten horse-power to five horse-power for licensing purposes.

So far as licensing a family is concerned, I own the boat, the number is on the side of it, and I feel it is my responsibility to drive that boat or to see that it is handled properly. I do not think that the department should start to license all the people who might drive a boat in a day. If you start licensing operators it would be a terrific job. I do not think that the department wants to get into that position.

I repeat again that I would like to see some advertisements in all these weekly papers where tourists or people who have these boats will see that they have to be licensed. When they obtain the licence they have the responsibility for the boy or girl who is driving it, or the visitor at their cottage.

Mr. LANGLOIS (*Gaspé*): In response to what has just been said, I must say that we have given quite a good deal of publicity to our present regulations. I do not know how many members of the committee know about this little pamphlet "Safety Afloat", which I am told now is in the second 100,000 of publication. In this you have information as to the regulations concerning licensing of motor-boats and also information as to the equipment which the boats must carry, and the rules of the road together with suggestions as to safety at sea.

Mr. JOHNSTON (*Bow River*): To whom do you send this? Do you send it to interested organizations or individuals?

Mr. NIXON: Would it not be a good idea to give that to the merchant who sells motors or boats and have that merchant give it out with every purchase?

Mr. LANGLOIS (*Gaspé*): These have been distributed to large stores. I am told that Eaton's took 10,000 copies of the booklet to distribute to their own clients. I might say that we welcome any publicity of this kind, like the publicity which we had when the announcement was made in the house that we were contemplating the legislation that is before us. I might add that I was interviewed by many newspapers and radio stations about this legislation and in addition we have received a very great number of letters which indicated that we were getting a pretty good response from the public. This would be to the benefit of boat owners and would help in the application of the proposed regulations.

As far as the operator is concerned, we have not made up our minds, but we are considering the possibility of limiting the age of persons to whom licences will be issued. For example, suggestions have been made that a young person below fifteen should not get a licence to operate a motor-boat unless he is accompanied by an adult. It is also possible that we will have suggestions to the effect that we should limit the horse-power of an engine which is going to be handled by a young person under eighteen years of age. However, as I said a while ago, we are going to obtain the views of all those concerned and take them into consideration before the regulations are finally drafted. If the members are interested, we might circulate this pamphlet to the members of the committee.

Mr. NESBITT: I might say that it is a very good little pamphlet. I have examined it many times very carefully and I have distributed copies around to my friends.

Mr. CARTER: Mr. Chairman, it is evident from what has been said here today that this clause has been made necessary in order to regulate the greatly increasing number of people using outboard pleasure boats on the lakes during summer season. For that reason I do not think that anybody can disagree with the necessity for these regulations.

I was very pleased to hear the parliamentary assistant say that some discretion would be made in the application of them, because when these regulations become law they will be applied everywhere and will include all small boats, as I understand it, everywhere in Canada.

My friend Mr. Nesbitt referred to it as a seasonal problem. Well, it is not a seasonal problem in my country where these regulations are going to include practically all the boats that are used by our inshore fishermen. You

know that our inshore fishermen fish three to five miles offshore in little boats twelve to thirty feet in length powered by three horse-power motors, five horse-power motors and the odd one up to ten horse-power. All these boats will be included. Many of them also have boats in which they use outboard motors. The lobster fishermen in the summer fishes in a small dory, perhaps forty feet long and three or four feet wide, powered with an outboard motor used as an inboard motor, that is fastened to a box going into the bottom of the boat instead of being fastened to the stern.

What we are concerned about in the application of these regulations particularly is that they will not be applied in such a way as to cause any unnecessary inconvenience to these inshore fishermen, and that it will not entail any unnecessary expense. As the parliamentary assistant pointed out, these boats are very small and the fisherman has to carry all his gear and himself in that boat. If you overload that boat with extra equipment, then you are making it unsafe or unusable, which defeats the purpose; in other words, it makes it impossible for the fisherman to utilize his boat to carry on his occupation. Furthermore, the cost of production of fish is very very high in Newfoundland and every care must be taken to see that the cost of production is not unnecessarily increased. In boats that are not decked over, the danger of fire is not nearly as great as in boats which are decked. If a man has a bucket he has a whole ocean to dip into in order to put out a fire, and it is not too necessary to load him up with expensive fire extinguishers which may cost from $20 to $30 and which have to be renewed and inspected every year. That runs into quite a bit of money and is not always necessary.

I do hope that when these rules and regulations are made out that provisions will be made to take care of the fishermen in Newfoundland.

There is just one other thought which comes to my mind, and that is in connection with these little boats which are used as tenders to other boats for the purpose of going ashore or as a means of life-saving equipment, and which, in many cases, are powered by outboard motors. I believe under this clause they might also have to be licensed.

Mr. HERRIDGE: Mr. Chairman, I am not going to make a speech. I just wish to make a few observations. I think we are all agreed in this committee that this is a very necessary amendment to the act. For instance, I received my paper from Trail today, and I notice the headline, "Thoughtless neighbours curb pleasure at Christina lake". There is an article about dangerous driving and driving outboard motor-boats to the annoyance of the local inhabitants. I did want to say this, that we seem to have two different points of view; one which appears to look upon this as an elaborate piece of legislation which will involve a large administrative force and a considerable expenditure. I do not view it in that way. In fact, I quite agree with the remarks made by Mr. Carter who preceded me. I think that the attitude taken by the department, as expressed to this committee by the parliamentary assistant, is good; that is that the approach is going to be slow and will necessarily have to be slow in order to be successful. This type of legislation cannot be initiated except with the understanding, education and cooperation of the public and associations generally. By getting in touch with launch associations, resort associations and organizations of that type, I think that you are starting to work in a direction which will be of considerable value.

The CHAIRMAN: And manufacturers of boats.

Mr. HERRIDGE: Yes. All persons of that type who are interested in this. I know in my experience as a member of a launch club for a number of years—we have only a small launch club in the upper Arrow lakes—but as soon as this act required registration of boats it had a good effect because the men who have the boats were pleased with it and they had their boats registered, other people had theirs registered, and this has done something to promote the

standard of interest in this type of craft. You have the law, the regulations, the R.C.M.P. and some other services assisting, and if this legislation is to be successful it will be accomplished because the people concerned think it is necessary and proper.

I personally want to say that I think a booklet is an excellent idea. While newspaper advertising may be all right in the summer, and things of that sort, the instructions have to be placed in the hands of people who will read them and who are interested in them, will understand them and will cooperate.

How is the department going to proceed from now on? How will you find out who these organizations are and how will you proceed to get the cooperation of these groups with a view to calling a conference of persons concerned?

Mr. LANGLOIS (*Gaspé*): I wish to comment briefly on what has been said by Mr. Carter and by Mr. Herridge.

As far as Mr. Carter's remarks are concerned, I can tell him we will keep in mind what he has said about the fishing boats and the fishing trade. He can be sure that it is not our intention to force upon them undue requirements that will prevent them from carrying their trade.

Now, coming to Mr. Herridge's remarks, I must tell him that I agree with him when he says that the registration has done a great deal of good so far. As I said in the house, in the Great Lakes area alone we have over 36,000 boats with motors of over ten horse-power presently registered.

He talks about cooperation. I think we are right in expecting cooperation from the public because we are getting it now to a great extent. I mentioned a while ago the number of letters which we have received from persons interested and also from the manufacturers of motor-boats and engines. I was quite surprised the other day when I received a letter from one of these manufacturers of engines enclosing a pamphlet which was comparable to this one and which I was amazed to learn has been circulated to the clients of this manufacturer for a number of years making suggestions as to safety at sea and outlining the duties of those in charge of these motors, both for their own security and for the security of the public.

Now, Mr. Herridge asks, "how are you going to get this public cooperation". I can tell him that we are now getting an expression of interest from boating organizations. I will again cite as an example these numerous letters which we have received. Also, as I stated to the committee yesterday, we are going to send a questionnaire to all those who we know are interested in boating operations and I am sure that this questionnaire is going to be brought to the attention of others who will also wish to express their views.

I welcome the suggestion made yesterday that this questionnaire be also sent to the members of the committee so that if they know of boating organizations in their own district they may send the questionnaire to those organizations. We will welcome their views and will also seek their suggestions and their cooperation.

I am told that the organizations with which we are presently in touch will give us the names of others interested in this legislation.

Mr. LAVIGNE: May I ask the minister how these booklets have been distributed to date? You tell me that they are now in the second 100,000. How are they being distributed? In my area there are over 4,000 registered boats and this is the first time I have ever heard of anything like this. It is the first time I have heard about them.

Mr. LANGLOIS (*Gaspé*): Mr. Lavigne, they have been in the hands of the stores, and those people who deal in boat equipment, who have shown interest

in having it. As I said a while ago, this is the second 200,000 group of copies of this pamphlet which has been printed so far.

Mr. LAVIGNE: I was going to speak about this this afternoon, but this is the answer to it. There is no use going any further with regard to it. I was interested in finding out how it was distributed. Where we have so many boats registered I think the registration people should put a copy in the hands of the persons for whom they register boats.

Mr. LANGLOIS *(Gaspé)*: That is being done.

Mr. LAVIGNE: It is being done? I have not heard about it. We register an awful lot of boats at home. I have one myself that is registered, and last week I had a boat registered for my brother and we did not get any booklet of that sort.

Mr. LANGLOIS *(Gaspé)*: You are supposed to get it.

Mr. LAVIGNE: I am certainly going to see that they get them.

Mr. LANGLOIS *(Gaspé)*: We will double check on this, Mr. Lavigne.

Mr. HOWE *(Wellington-Huron)*: I was rather interested in the research rescue work that we were talking about before. I was wondering if Mr. Langlois, or one of the officials of the department could tell me how many departmental ships there are in the Great Lakes that might be useful for rescue work?

Mr. LANGLOIS *(Gaspé)*: I am speaking from memory, but these figures were given in the house the other day. I think there are some nine R.C.M.P. patrol boats in the Lakes. Besides that, we have four departmental ships. We have the *Ste. Heliers;* we have the *Grenville;* we have the *C.P. Edwards;* and we have the *Parry Sound.* We have four departmental boats. In addition to that we have the cooperation of the Trenton air base.

Mr. HOWE *(Wellington-Huron)*: Is there any indication there that you might increase this number?

Mr. LANGLOIS *(Gaspé)*: I do not plan on increasing our present fleet. We hope to make it more efficient, and to extend its coverage by adding the services of the helicopters, as I mentioned a while ago.

Mr. HOWE *(Wellington-Huron)*: Are all those departmental boats going to be equipped with those helicopter platforms?

Mr. LANGLOIS *(Gaspé)*: I cannot tell you that all the ships that are presently used will be equipped with helicopters, because in the case of some of the ships it is not feasible to have a helicopter platform. But our replacements of these ships are going to be equipped with helicopters.

Mr. HOWE *(Wellington-Huron)*: You mentioned that you were going to use one of them on Lake Huron. Has that gone into service yet?

Mr. LANGLOIS *(Gaspé)*: No, it is under tender now.

Mr. HOWE *(Wellington-Huron)*: What part of the Lake Huron district will it be used in?

Mr. LANGLOIS *(Gaspé)*: It will be based at Parry Sound.

Mr. HOWE *(Wellington-Huron)*: It will be based at Parry Sound; thank you.

Mr. BATTEN: Mr. Chairman, I would like to say first of all that I agree very much with the discussion of the regulations that are necessary in respect to the operation of these small boats. But I do say very sincerely that I very definitely object to the rigidity with which some of these rules are applied, in areas particularly where those who apply the rules are neither paying any attention to local conditions, or to the traditions of the area.

Now, I have a case in my riding which I have been trying to deal with for some time, dealing with small boats. I am going to take this opportunity to present this case to this committee. I will put it as briefly as I can. It will be necessary, however, at first, for me to give you some idea of the background. I am speaking about an area known as Humber Arm and the Bay of Islands. It is on the west coast of Newfoundland, and it is open to the Gulf of St. Lawrence. Here, in the early days, there was a great fishing industry. Many places were involved. As has been the history of Newfoundland, when you have a dozen or more places concerned with a fishing industry, it is usually the custom that one place will become the commercial centre in the area that I am talking about there were no roads, and whatever transportation, or communication that had to be done, had to be done by boat. For years these men have been using their boats in the same way as you men use your cars. If you want to go to the railway station, you take your car. If your friend happens to want to go along, you say: "Come along with me; I am going." Over the years this has been the practice in this area.

In 1922 a paper mill was built at Corner Brook. As most people would expect, many of the fishermen left the fishing industry, and found employment with the paper company. Fishermen particularly found employment along the waterfront as stevedores, in the unloading and loading of ships, or the booming of wood, and so on.

Now, here is the situation that has developed: up to a year ago there was no road on one side of the bay; and yet men had to find somehow to get to work at regular times, times which meant they had to leave at 6 o'clock in the morning, or 2 o'clock in the afternoon, or 10 o'clock in the evening to be able to go to their shift work at the mills; or, it was a matter of loading, or unloading boats or booming wood; the hours were very irregular. They usually turned up for work at the times when they were called over the radio.

The R.C.M.P. and possibly some officials of the customs department have been applying some of the regulations already contained in this act, and the regulations that we are thinking about now, with the result that the men who have been carrying one or two passengers in their boats for years have now been denied that right. Now, I am not talking about the fellow who is operating the boat. I should like to say this, I am not talking about boats that are the ordinary flimsy boats that you would use on a lake; I am talking about hand-made boats that are built to withstand the storms of both summer and winter, and I am talking about the man who is as good a boatman as you will find anywhere. Now, if you want to regulate this man, and have those regulations carried out in respect to operating boats, maybe that will be all right. But this is what is happening: a fellow gets up at 6 o'clock in the morning and goes down to the wharf and says, "I am going to go in to the paper mill to work". There are three fellows standing there. They say, "We will go along with you like we did yesterday, last year, and the year before". This fellow says: "No, you cannot go along with me. The R.C.M.P. say that you cannot go along with me because I have not got the life saving equipment, I have not got the fire extinguishing equipment and all that sort of thing." The fellow who owns the boat says, "I am not going to buy this stuff".

What happens? What happens is that the man who owns the boat goes on himself, as he has a right to do, and the fellows who wanted to go to work, and were looking for transportation are left on the wharf. Now, they can, of course, go by road. They could go 20 miles all up around Humber Arm to reach a mill that is 1¼ miles away. Now, this, gentlemen, as far as I am concerned is a very serious situation, and one, I think, that needs some consideration.

I agree that your regulations are going to apply to the man that is operating the boat, and I have no objection to that. But, when these regulations work in the reverse order, and when the regulations are preventing men from making a living, there is something wrong with them. Now, there is no other way for this man to get there. Of course, he could go around the bay, as I said before, at a cost of $2 to go over in the morning, and $2 to get back in the evening.

Now, I do not know of any of you fellows, who are sitting around this table, who can afford to pay $4 a day to get to work and back, let alone the longshoremen. I brought this matter up before, and I have had various correspondence with the department about it.

We have already had a member of the Department of Transport go into this area. I believe that he, unintentionally, and unfortunately, left the wrong impression. He says: "There is enough water in the Humber Arm to drown a man". Sure there is, and there is enough water in a bathtub to drown a man. He says that a gasoline engine can catch fire. I agree with that, but it is very unlikely with the number of small boats in Newfoundland, uncovered boats particularly that are propelled by one-lunger engines, that catch on fire is far less than the number of cars that will catch on fire on the highways, far less. Yet the impression left with the people is that because there is enough water in Humber Arm to drown a man, and because there is a possibility of a boat catching on fire, the regulations are going to be applied regardless.

Now, you only have to place yourself in the position of a man, who has been operating boats for years, and who has been operating boats in the same way that you people operate your cars, and when they are told that they cannot take their friend to work at 6 o'clock in the morning, or 10 o'clock in the evening, there is a cause for very bad feeling among these people.

I request through you, Mr. Chairman, and through you to the officials of this department, that this situation be given some consideration. Again, while I agree with the regulations, and agree that they are necessary, I do not agree that they should be implied in their entirety in one particular place. I agree that some regulations are necessary, but I still say that we have to apply those regulations with some sense, and some knowledge of local conditions in the area.

Mr. HODGSON: I am glad that the member from Newfoundland brought this question up, because it is one thing that makes it difficult for the R.C.M.P. to enforce the laws, especially in Newfoundland where they have a new body of police officers, and so on. The same thing will apply to boats on my lake, for instance. People do not know anything about the regulations, and very few of them have licences. Some day there is going to be a Mounted Police officer drop in there, and there will be nothing else for him to do except, probably, give summonses to a hundred boat owners.

Mr. BATTEN: He has got to do that.

Mr. HODGSON: Then this man runs to his member of parliament and says: "What the hell kind of government have we got in Canada. I have to appear in court now. If I want to get a licence I have to go 66 miles to Lindsay to get it". I would suggest to the Minister of Transport, or to the Department of Justice that this Mounted Police officer be armed with licences that he could sell to boat owners for a period of some little time, so that he could get familiar with the regulations, and have an opportunity to buy a proper licence.

Mr. HAHN: Mr. Chairman, I am very surprised to find a pamphlet entitled "Safety Afloat". I did not know we had it. I believe that possibly it is very widely circulated, and that the members of parliament were the last to know

about it. But, I am very pleased to see that there is some measure of control to be exercised. At least the information is being given out, and I would like to compliment the department for doing so.

Mr. LANGLOIS (*Gaspé*): This pamphlet has been referred to in the house on a number of occasions.

Mr. HAHN: It may well have been referred to at times when I was not present in the house.

Mr. LANGLOIS: (*Gaspé*): You are always there.

Mr. HAHN: It seems to be that I am always there. I am not there this afternoon, and something may be referred to there that I will not know of. However, there are certain questions that come to my mind having to do with resort areas. I have a great number of pleasure craft in my area. I do not represent a fishing area alone, though I have discussed that phase of it more extensively than any other. One of the factors that does give me some concern is that I see a number of small rowboats, or other boats, that I can easily recognize as being overcrowded. I trust some way has been found by the department to take care of that situation. When a boat is being licensed, it should be indicated how many passengers are to be carried in it, particularly in some resort areas where the management is so interested in renting boats that they will allow any number of passengers in them, with catastrophic results in some instances.

However, the reason for my rising at this time has to do more particularly with a question that I tried to pose earlier in the committee hearings. The department is quite aware of it. It had to do with the speed boat, or the speed of boats on the Fraser river and its effect upon the fishing vessels as such, and on the fishing gear of the fishermen. It is easily understandable that when tugs pass at excessive speeds, naturally the small fishing boats that are moored along the docks are bound to receive certain injury.

Of course an excessive speed of boats and tugs in a river, when fishermen are fishing, does have a definite effect upon their nets. This has given the fishermen a good deal of concern. They have made representations to the department and they have asked me to do likewise. These requests have been followed. But, Mr. Baldwin—and I am pleased to see he is here today—indicated on May 25 in a letter to me that local members of parliament and other interested persons were advised by the department to discuss the matter among themselves and submit any suggestions which might be helpful to the department, in an endeavour to solve the problem. This has to do with the speed of vessels.

Now, that was the reason for my asking Mr. Langlois earlier if this was the intended meeting, or whether the meeting is one that was supposed to have taken place earlier. I am not finding fault with the fact that such a meeting is being contemplated. I am pleased it is. But, I am rather doubtful that any members of parliament have received any notice of one that has taken place in the past. Now, this does not say a meeting has taken place, but that we have been advised of it. I for one was not advised, to the best of my knowledge. I have not discussed it with too many members of this committee, but I find that a good many of them have not been contacted. Possibly I have not talked to the right individuals.

Now, I was particularly interested in the statement in so far as it says here: it was considered impractical for the department to check the speed of vessels on the Fraser river, and it was therefore not possible to issue regulations under an authority of an order in council. I think no one can appreciate the problem that we run into more than myself in regard to this speed of boats used in plying up and down a river stream such as that. On the other hand, no one

realizes the need for speed regulations any more than I do. I would like to know now, first, whether or not such representations have met with any success by Mr. Baldwin and whether any members have indicated to him how they might control this, because I am very, very interested in discovering the answer to it, as I am sure he is. I do not submit any suggestions, because I had not known about it. But, certainly others were contacted, and possibly he could let me know now if he got any results?

Mr. LANGLOIS (*Gaspé*): Mr. Baldwin will answer that.

Mr. BALDWIN: Mr. Chairman, I am sorry if any misunderstanding resulted from the phraseology in the letter that was addressed to the honourable member. Actually, any reference to consultations and meetings was intended to indicate that we really had in mind both the sittings of this committee, and the subsequent discussions that will be had with the various groups with regard to this whole question.

The matter of a speed limit on water is one on which we have encountered some pretty widely varying opinions, not opinions that are basically opposed to the idea of a limitation of speed, but opinions that vary as to how those can be controlled, or how a limit could be enforced. The basic problem is that to enforce a speed limit you have to have some means of checking the speed. Referring to small boats for a moment, they do not normally carry a speedometer, and the operator perhaps does not know how fast his boat is going. Unless the enforcement officers, or so they tell us, have some means of determining this, any penalty, or enforcement, becomes very difficult. Now, as you know, sir, the minor water navigation regulations do contain a general clause which prohibits the movement of vessels recklessly and in a manner, or at a speed which is dangerous to navigation, or to life and limb, having regard to all the circumstances.

Mr. HAHN: You will notice there that it has to do with dangers to navigation, or dangers to life and limb. These boats are tied to the docks.

Mr. BALDWIN: Dangers to navigation would include docks. I might give an example of a case where we were able to control the limit. Recently one of our departmental vessels suffered some damage in the St. Lawrence river as a result of excessive speed of a ship proceeding down stream from the St. Lawrence ship channel. Now, we do have some limitation there and we are able to know what the speed of the vessel is, because it is a river, and we know at what time the boat passes a given point, and what time it passes the next point; so we know how fast it is going. In this instance we were able to come to the conclusion that the vessel in question had been proceeding faster than was allowed. In the Rideau canal here in Ottawa the canal authorities have a six-mile an hour speed limit. We can keep track of that, because there happen to be roads alongside the canal, and the police can check the speed; but we find quite a wide variation in opinion when we get outside these small number of controllable waters, as to whether it is feasible to put in a miles-per-hour speed limit, and hope to be able to enforce it, or whether you should really have a general provision against excessive speed or reckless navigation.

Mr. HAHN: The question as I see it now resolves itself in this way: whether we are gong to be in the position of passing some regulation that we know we are not going to be able to put into effect.

Mr. LANGLOIS (*Gaspé*): You must limit that to speed.

Mr. HAHN: Yes.

Mr. LANGLOIS (*Gaspé*): Your present remark must be limited to speed.

Mr. HAHN: I limit it completely in respect to speed, Mr. Langlois. Thank you for drawing that to my attention. But, I do not think we would be wise—mind you, I think we should have regulations in respect to speed, definitely,

but certainly there must be some mechanism devised that can be used in determining the speed at which boats travel so that if they are in a harbour they can only pass at a certain rate. It just seems to me that where we have such a heavy toll taken as we have in the Fraser river, in respect to our fishing gear, and fishing vessels, it seems to me that some means must be devised whereby we can institute regulations, if we are going to have regulations. Otherwise we are going to continually run into this problem week after week during the full year.

The CHAIRMAN: Mr. Batten, did you get an answer to your question?

Mr. BATTEN: No, I just left it to you, sir, and the parliamentary assistant.

Mr. LANGLOIS *(Gaspé)*: Excuse me, Mr. Batten, I should have commented on your remarks before this stage. You have referred to a particular case in a particular place where users of small craft occasionally used these craft to transport friends to and fro between their place of residence and their place of work.

I see your point, that by being too stringent in respect to regulations, you may deprive somebody from earning his own living in some way or another. But, does that not boil down to this: that the owners of these small boats are reluctant to have a minimum of safety requirement, referring particularly to life saving equipment? I am told, for example, that the steamboat inspection branch approved some two or three years ago, and Mr. Cumyn will correct me if I am wrong, a new material which can be used in lieu of big bulky saving equipment such as large rafts, or other equipment of the same nature. This material is small in volume; is very light; can be very easily stowed under the thwarts. For the benefit of the landlubbers, I mean benches. It can be stowed under the thwarts without losing any space in the boat, or affecting its carrying capacity. I think it might be advisable to suggest to your friends out in Newfoundland who find it difficult to comply with the regulations, to get in touch with our steamboat inspection branch and find out about this new material, which is, I am told, in addition to what I have already said, very cheap. They should find out if they can use it, and thus comply with the regulations. What do you call this material Mr. Cumyn?

Mr. CUMYN: Styrefoam.

Mr. LANGLOIS *(Gaspé)*: Styrefoam.

Mr. BATTEN: Mr. Chairman, I agree with the parliamentary assistant. I see nothing wrong with what he has said. But, my argument is that the application of the rule, or the regulation is something that applies in the reverse.

Now, as I see the situation, the R.C.M.P. in the area, and the officials of the customs department that operate there, have no choice, if they are going to apply the regulations according to what you said yesterday, on a letter from the advice of the Minister of Transport they will have to go ahead and do this. But, the situation is, that a regulation applies to the man who owns the boat; and when we try to make him comply with the regulations, he says "No, I am not going to do this."

Now, I am not arguing for the man who owns a boat: I am arguing for the man who is left on the dock.

Mr. LANGLOIS *(Gaspé)*: I see your point.

Mr. BATTEN: And now, if there was some other way for him to get there, then I would say to this man, "You will have to go the other way." But, as I said before, there is a way, but it is going to cost him $4 a day. On the other hand, I point out that the boat I am talking about is never at any time more than half a mile from shore, and the total length of his journey is no more than a mile and a quarter.

Mr. LANGLOIS *(Gaspé)*: I thought you were interested in the boat owners, but now you are interested in the passengers. Why do you not advise them to buy a life jacket, and they can get in the boat then?

Mr. BATTEN: Mr. Chairman, if you were to talk to a bunch of Newfoundlanders who have been fishing in waters on the ocean that they have to buy a life jacket to go one and a quarter miles, it is not going to get us very far. If someone told me that I have got to buy a life jacket to go one and a quarter miles, I can tell you right now I would have a lot more to say about it than I have to say here.

Mr. GREEN: That is only if you carry passengers.

Mr. LANGLOIS *(Gaspé)*: He carries friends; the boat operator carries passengers daily?

Mr. BATTEN: But, Mr. Chairman, do you mean to tell me that just because my friend Jim has got a boat, and he is going to work at six o'clock tomorrow morning, the only way I can get there is to go along with Jim, just to go a mile and a quarter, that quarter of a mile he has got to go to the store and buy life saving equipment?

Mr. GREEN: Do not charge him anything, and you would not have to.

Mr. BATTEN: Yes, I will agree, but that does not solve the problem. This is a way of getting around the regulation, but I do not agree with that. I do not agree there at all. Because the danger of carrying your friend, whether he is carrying them for money or whether he is not, is still there.

Mr. LANGLOIS *(Gaspé)*: Mr. Batten, you surely understand that it is very difficult to make exceptions in respect to regulations so that they do not apply to some individuals.

Mr. BATTEN: I agree, Mr. Chairman. But, if you are talking about the fellow who is living in Corner Brook and going out in a pleasure boat and carrying a lot of passengers, if you are talking about that fellow I absolutely agree with you and support you. But, if you are talking about an area where for years and years where boats are going this way, and take along fellows without a boat who are going to this commercial center to see the doctor or the clergyman or the magistrate, or perhaps a fellow who may want five pounds of nails, and he has got to go across one mile and a quarter to get five pounds of nails, and he goes down on the pier and here is a fellow going over for some reason or other of his own, and he says, "Take me across", and he takes him across, and he buys his nails and goes back again, are we going to make a regulation that will stop that man from taking this man cross one mile and a quarter to do his legitimate work? If we are going to do that, gentlemen, then I say you are applying the law too rigidly.

If we are going to talk about a bunch of landlubbers who are trying to operate some pleasure craft, I have no objection to what you are saying. But, here are good boats, and here are men who are the best seamen in this country; and when you tell them they cannot take their friends to work, and take their friends over to the store or over to the doctor, or over to the clergyman, or wherever they want to go, then my objection again is not that of applying the regulation to the boat man; my objection is to applying the regulation to the boatman with the result being that the men who have not got boats are not able to get to the places where they have to go to make a living.

Mr. HERRIDGE: That would apply to the passenger service; not to the regulations.

Mr. BATTEN: If a passenger service were there, I would have no argument. If there were a ferry to carry this man across; if there were some way to get them there I would not be using this argument at all. But they have to go this way, or not at all.

Mr. GREEN: What is the position with regard to people who operate these small vessels as taxis. On the west coast that type of service has been increasing steadily, and there are a lot of water taxis. How are they covered? What are the regulations with regard to them, and what is the difference between the regulations applying to them and those that apply to the man who operates his own boat?

Mr. LANGLOIS (*Gaspé*): Mr. Green, have you got this booklet "Safety Afloat" before you? If you look at the bottom of page 5—look at the whole of page 5, you have all the requirements there regarding these boats. If you look at the bottom of page 5 under the regulations for commercial motor boats under five tons gross carrying paying passengers, there follows a list of the equipment that is required. Have you got this?

Mr. HODGSON: I might say in regard to this application for a boat licence, when you make an application to our officer at Lindsay when you make an application for a licence he sends you back this information on page 7, and on receipt of an application giving the size of your boat, and the size of your motor and everything, he sends you back the licence with the number that goes on your boat; also how many passengers to carry; and what life saving equipment you must have in your boat.

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. HODGSON: But I can see what the member from Newfoundland is getting at. It makes it a very touchy job for the Mounted Police down there to try and enforce these laws in respect to people who have never had a licence on a boat.

Mr. HERRIDGE: Mr. Chairman, in connection with this life saving equipment, have you got anything you can show this committee that has been approved by this department?

Mr. CUMYN: This is a type of life jacket which has been approved recently for small boats.

Mr. HERRIDGE: What does a man of 200 pounds do?

Mr. CUMYN: We have one for each weight of person. We have them for various weights.

Mr. LAVIGNE: Does the law provide that children should wear them at all times when in the boat?

Mr. LANGLOIS (*Gaspé*): No, they must be handy.

Mr. LAVIGNE: They must be handy, but they do not have to have them on?

Mr. CUMYN: No, but they are designed for that purpose.

Mr. HERRIDGE: That is something that the people have been misinformed on; everyone thinks that the children have to have them on.

Now, the other point is—that one might be good—but they sell a lot of material that is similar to that and it is not good; they do not float. I have seen children fall off a wharf with them on, and they do not float. But, still people are under the impression that they are good.

Mr. LANGLOIS (*Gaspé*): Mr. Lavigne, this was raised yesterday, and here is the tag which you referred to.

Mr. LAVIGNE: No, that is not. That is what you told me yesterday. There is a tag like that on it, but there is also a Department of Transport tag—

Mr. LANGLOIS (*Gaspé*): Yes, here it is. The Department of Transport has approved—

Mr. LAVIGNE: Yes, but it also says that it is not good for swimming, or playing around—

Mr. LANGLOIS (*Gaspé*): Not on the Department of Transport approval tag.

Mr. LAVIGNE: On some articles it does. You see, that is what is confusing about it. It says it is approved by the Department of Transport, and then it says on another tag that it is not good for swimming or floating.

Mr. BALDWIN: I think the explanation for that, Mr. Chairman, is that perhaps the life jacket that he is speaking about that was approved was unwrapped kapok. The type we have here has kapok that has a vinyl cover on it which will protect it.

Mr. LAVIGNE: This would not be one of those that were reported in the paper a few days ago, where somebody got drowned; it had come up around the back of the head, and they found him drowned, but he was floating face downwards.

Mr. BALDWIN: The unwrapped one is quite adequate and valuable for life saving purposes, but if you leave them in the water for any length of time they will naturally get water logged.

Mr. LANGLOIS (*Gaspé*): They are good for about two hours in the water.

Mr. NESBITT: There are just one or two questions I would like to have answered, Mr. Langlois. In view of some of the questions that have been asked this afternoon, I would like to ask if the Department of Transport has any facilities available in Lake Ontario and Lake Erie?

Mr. LANGLOIS (*Gaspé*): The *Grenville* is one.

Mr. NESBITT: Which lake is that?

Mr. LANGLOIS (*Gaspé*): Based at Prescott.

Mr. NESBITT: Based at Prescott, that is on the St. Lawrence river. Is there anything on Lake Ontario?

Mr. LANGLOIS (*Gaspé*): That is based at Prescott, but it does its work on Lake Ontario.

Mr. NESBITT: Is there any on Lake Erie?

Mr. LANGLOIS (*Gaspé*): The *Grenville* also goes there. We have one under charter also at Amherstburg.

Mr. NESBITT: Is the department considering having a facility on the eastern end of Lake Erie, for example, from the area from Port Stanley right down to Crystal Beach? I might point out that on July 1st, less than two weeks ago, approximately, out of one very tiny port on the Canadian side 1,750 small boats went out that day to go fishing. That is only one port. There are many other ports with a great number of small boats. That is an area that has probably the heaviest population of small boats. I point that out, because that is where the greatest number of boating accidents have taken place.

In view of the comments that have been made by members, Mr. Chairman—

Mr. LANGLOIS (*Gaspé*): May I answer your question now?

Mr. NESBITT: Yes.

Mr. LANGLOIS (*Gaspé*): When the replacement for the *Grenville* is built, this new ship will be used for both lakes, and the *Grenville* will be available for duties in Lake Erie particularly.

Mr. NESBITT: Oh, yes. The other thing, Mr. Chairman, in view of the various comments of some members: Mr. Carter, Mr. Batten, Mr. Herridge, Mr. Hodgson, it is one thing, I suppose to have regulations, and it is one thing to require boats, which are operated largely by landlubbers and for pleasure purposes in the thickly populated parts of Ontario and Quebec, but it is quite another thing to regulate boats that are used to make a living, and which come under this class of boat in British Columbia and Newfoundland and a

great number of points in Ontario and Quebec, in the heavily populated areas. I think Mr. Chairman, it becomes largely a question of enforcement of the regulations, rather than the regulations themselves.

I think it is probably up to the officers, whoever they may be, who are instructed to enforce the law, as to how carefully they have been instructed as to what discretion is to be used. Taking as an example—and I assume every member of this committee is familiar with it—the regulation in the province of Ontario regarding the speed on the highways. The required speed limit is 50 miles per hour. Those who have had some experience in the administration of law, and most people know that this required 50 miles an hour speed limit is very seldom enforced unless a person is driving at an excess rate of speed under the circumstances, and the regulation is used to check people who are doing just that, and they cannot be caught under some other section of the highway control. But, everyone knows that people are travelling at 50 miles an hour on the clear open highway, and they are not bothered. I think the same application would apply to the operation of boats in places like Newfoundland, as Mr. Batten suggested and in British Columbia, and other ports where boats are used primarily for the purpose of going to work and not for the purpose of pleasure. I think the regulations are more designed for the thickly populated pleasure boat areas operated by land lubbers, and I think that some of these things which have been brought up could be well acted upon in that way.

Mr. CARTER: What Mr. Batten has been complaining about is this—and I have exactly the same situation—the rigid application of the regulations without considering at all the circumstances involved. In Newfoundland where the sea has always been our highway, we have a shortage of roads, and our people have the habit of going from one place to another by boat. Very often there is no other way of going; and because of that fact, nearly every man, or a good many men, have their own private boats just as on the mainland they have motor cars, and for exactly the same purpose.

But because of these regulations, if they are rigidly enforced, you get into a situation which is absurd, because—let us take the case which Mr. Batten mentioned; supposing a man was out in a truck late at night and his truck should break down. He does not know in advance that this is going to happen and he cannot get back with his friend in a boat because these regulations would prevent it. The person with the private boat is not in the passenger business for profit at all, he is just obliging his friend in taking him along. Quite often when a person goes to a place to visit—a person may visit a certain community which is perhaps from 10 to 12 miles away, and when he gets there he may find somebody who wants to go to another place to see a doctor. There are no regular scheduled lines of communication, and everything is done by chance. That sick person has probably been waiting for somebody to come along in order to get a chance to go, or to get a chance to send a message out to the doctor, or to take that person to the doctor. But he cannot take the sick person along because of the regulations, and he cannot give that service to his friend. I do not think that anybody intended the regulations to have that sort of effect.

Mr. LANGLOIS (*Gaspé*): Are you dealing with an emergency case?

Mr. CARTER: These are practically all emergency cases.

Mr. LANGLOIS (*Gaspé*): You must bear it in mind that these regulations are intended as much for the security of the boat owner as they are for the security of the passenger. Take the case of your friend who goes out some 12 miles, and on his way back he is good enough to pick up a friend. Let us suppose his boat does not carry the necessary equipment and there is an accident and it involves the loss of a life. In what legal position would your friend be, for having accepted this passenger without first having complied

with the regulations for the safety of life? Surely he would be in a real legal mess! All the lawyers present would agree with me that we would not recommend it to a client to take such a chance. It is as much for the protection of the boat owner as it is for the security of the passenger.

Mr. CARTER: There must be a certain amount of common sense used in this question.

Mr. LANGLOIS (*Gaspé*): I quite agree.

Mr. CARTER: It reminds me about the story of the Irishman who killed his cow in order to save its life. Therefore I would have to leave my friend there to die or I would have to run the legal risk of taking him along and having him get drowned.

Mr. LANGLOIS (*Gaspé*): I askd you if you were dealing only with emergency cases and you said no. Mr. Batten's case is one which is happening every day with men going back and forth to work and using this means of transportation.

Mr. HAHN: This life preserver bears the stamp of the Department of Transport's steamship inspection branch and it is marked "approved" and the date is given. I want to know if all the lifesaving equipment is approved that it is proper to use?

Mr. LANGLOIS (*Gaspé*): Not all the equipment used. If it is considered safe, then it is approved, if I may put it that way. All that you must carry is approved, and if you refer, Mr. Hahn, to page 2 of this little booklet entitled "Safety Afloat", you will see a section dealing with lifesaving equipment and warning people against the use of equipment which does not bear this approval stamp of the Department of Transport. It even gives two samples of this approval stamp which one must look for before buying any such type of equipment.

Mr. HAHN: May I suggest that this matter be referred by this committee to the Department of National Health and Welfare?

Mr. LANGLOIS (*Gaspé*): The tag complained of is not issued by federal but by the provincial department of Health.

Mr. HAHN: Or that all the provincial departments be advised?

Mr. LANGLOIS (*Gaspé*): To remove it?

Mr. HAHN: No, not to remove it, but that they should not permit the sale of any equipment that is not approved by the Department of Transport. After all, we are here for the purpose of saving lives, and if a person should go to sea thinking that he has a perfectly good life preserver, only to find out in the end that is is of no use, then does he not come within the orbit of the Irishman's cow?

Mr. LANGLOIS (*Gaspé*): Perhaps we should contact the respective provincial ministers of health and draw their attention to the remarks made in this committee on the subject and then leave it to them to take whatever action they may deem proper.

Mr. HAHN: The responsibility would be theirs in that event.

Mr. HAMILTON (*York West*): I am a little out of my depth in this, and it may be that your experts could dispose of it very quickly; but I gather from this clause that we are chiefly dealing with regulations for small boats. I have a couple of questions. First of all, does this bring a small boat within the meaning of section 657 which is the limitation of liability section? If it does so, then I would like to know the answer to this problem: I think you have some type of limitation of liability for all ships; I understand the descriptive word "ship" includes everything not propelled by oars except in the case of fishing vessels; and that the limitation of liability is something like $172.97 a ton for personal injuries sustained by a person, and $38.92 a ton for property damage.

I do not have a clue as to what "ton" means here, but I am informed that in the classification of small boats, inland water boats, sedan runabouts, or something, it would mean that if there was a collision in which the owner was not at fault or was not privy to the taking of the boat—that would be a case where the man's son might take the boat out when he had no knowledge about it, or his wife, and this would limit the liability in cases of that kind to a few hundred dollars for damages sustained by others.

Would you kindly tell me with respect to this section as it applies now to these small boats and with respect to collision if there is a limitation of liability of that kind?

Mr. LANGLOIS (*Gaspé*): Well, the interpretation that I place on section 657 and the following having to do with the limitation of liability is that it applies only to registered ships.

Mr. HAMILTON (*York West*): Then the meaning of section 657-1 depends upon the onus of establishing whether the ship is registered in Canada or not.

Mr. LANGLOIS (*Gaspé*): They have to be registered, and whether they are registered in Canada or not does not matter. It might be Canadian, British, Australian or American registration; they do not have to be registered in Canada in order to invoke the limitation.

Mr. HAMILTON (*York West*): So the meaning of the words "being registered" does not necessarily mean registration in Canada?

Mr. LANGLOIS (*Gaspé*): That is right.

Mr. HAMILTON (*York West*): Does the term registration here—do you consider that it does not come under the term "registration"?

Mr. LANGLOIS (*Gaspé*): Licensing is quite different from registration.

Mr. HAMILTON (*York West*): I realize that it is, but I am asking from the standpoint of liability.

Mr. LANGLOIS (*Gaspé*): My answer is no!

Mr. HAMILTON (*York West*): You are quite sure of that, that somebody is not going to try to squeeze the meaning of the thing in a civil liability case, because that would be a very unhappy situation.

Mr. NIXON: Only you lawyers could do that!

Mr. HAMILTON (*York West*): This might make it a field day for the lawyers too.

Mr. LANGLOIS (*Gaspé*): We can take a lot of abuse!

Mr. HAMILTON (*York West*): If there is no limitation on this type of boat, has the department given any thought to some type of provisions along the line of that which we have in the provinces where we have heard that they are going to have compulsory insurance with a type of arrangement whereby if you are involved in an accident once, you have to prove your financial responsibility by means of insurance or by some other means before you can get your licence back again to operate. This is a very serious problem because it was only two days ago, I think, when we read again of a boat which was cut completely in half in one of our northern Ontario lakes, and of the death of two men and of injury to another. If we are going to proceed along the line of licensing, perhaps we should take a further step to ensure that there is limitation of liability, and let us see what we can do to see that there is financial responsibility.

Mr. LANGLOIS (*Gaspé*): No, we have given no thought to it. In the case of a licensed ship, you have not got anything equivalent to the limitation of liability, and in the case of ships which are registered we have given no thought to that compulsory insurance scheme or to a security deposit or the proof of financial responsibility.

Mr. HAMILTON (*York West*): Would the parliamentary assistant consider giving some consideration to it because it would appear that at least in a concentrated period of time during the summer, the incidence of accidents of this kind are almost as great as they are on the highway.

Mr. LANGLOIS (*Gaspé*): We are ready to give consideration to all the suggestions made here today, but as I mentioned in the house as well as in this committee, we are going to proceed slowly in this respect; we are going to consider all the circumstances and to seek the views of as many people as we can before we take a step. Up to now we have not considered taking the step suggested by the hon. member.

Mr. HAMILTON (*York West*): It seems to me that as we go along the line of control it is a step which I always abhor in connection with legislation. I listened to Captain Cumyn this morning when he said that it was going to be dangerous for even an outboard operator to spill a bottle of oil in a lake. If we are going along that line, then I think we should attempt to get some benefit out of that type of legislation, and if there is to be a restrictive type of legislation it should be looked into for the future.

Mr. NESBITT: I believe Mr. Langlois mentioned that in the near future the *Grenville* which is presently based at Prescott and operating largely on lake Ontario will be replaced, as it is hoped, and released for work on lake Erie. Could the parliamentary assistant give us any idea how soon that might be?

Mr. LANGLOIS (*Gaspé*): That is part of our five year program but it is impossible for me to state now when its replacement would be built.

Mr. NESBITT: Would it be five years at the most, or less?

Mr. LANGLOIS (*Gaspé*): It is a five year program, but it is likely to be less; it is pretty hard at this stage to give you a definite date.

Mr. NESBITT: How about the ship for lake Huron?

Mr. LANGLOIS (*Gaspé*): It is under tender now and construction will be started this summer. I would say a year or a year and a half as the time the contract is given, and it would be dependent on the supply of steel.

Mr. NESBITT: Both of these ships as well as the *Grenville* will have to be supplied with helicopters?

Mr. LANGLOIS (*Gaspé*): Both will have that forms for helicopters, but I cannot tell you when the helicopters will be delivered.

Mr. NESBITT: They won't be provided with them necessarily?

Mr. LANGLOIS (*Gaspé*): Helicopters are pretty hard to get.

Mr. BARNETT: Listening to some of the questions raised by Mr. Nesbitt I am very much tempted to pursue the question of marine rescue as it applies to the Pacific coast, but as it might open too much of a discussion I shall forego it. Actually a good many of the matters I have in mind have already been touched upon by other so I shall not repeat their questions. However, I would like to make reference to something touched on earlier in the discussion in respect to the provisions for the licensing of operators of vessels, and to suggest as I did suggest to a certain extent previously that consideration should be given to special attention with respect to the licensing of the operators of small vessels which will be carrying passengers for hire either on regular schedules or on a basis of charter, or as we have come to know them on the west coast, for the operation of water taxis. I must say that most of the operators of these craft that I have had the opportunity to observe personally have exercised great care in regard to seeing to it that they have the necessary lifesaving equipment and the fire fighting equipment, on their boats. However, I would comment that that was not universally the case. That is another question; nevertheless I do feel that the department should consider—as I

gather they are proposing to consider—the issuing of different grades or classes of licences to various operators to operate various types and sizes of boats or to operate them under different conditions.

I feel that parellel to the requirements we have in respect to the operations of public buses or taxis on the highways, it might very well be followed through in respect to the licensing of operators of vessels. I know that there are occasions when vessels are operated for hire on a water taxi basis on the coast, but they are operated by people who are qualified as they should be, and if not there should be some protection not only to the public but to the people who have taken the pains to ensure it that their vessels are operated by qualified people as in the past.

I know that on the British Columbia coast many of those water taxis now are being operated on waters which can be quite dangerous, for example, in the narrows where Ripple Rock is located, and also in many other places when there can be a real hazard, and where the people who are going there should have the assurance that the operator is a man in whom they can trust and who really has good judgment as to whether or not it is safe to make a trip.

If the parliamentary assistant or Mr. Baldwin could enlarge on whether or not that matter is receiving active consideration along the lines suggested, I would be glad to hear about it.

Mr. LANGLOIS (*Gaspé*): My answer is yes, that it is receiving active consideration.

Mr. GREEN: I did not understand part of that question that Mr. Barnett was asking, namely, the various qualifications of these operators and testing them.

Mr. BALDWIN: Special categories you mean for operators which are on a higher award basis?

Mr. GREEN: They will have to be given some sort of tests before they are given a licence?

Mr. BALDWIN: It remains to be considered.

Mr. GREEN: You do not know if they will be licensed merely upon application, or if there will be a test?

Mr. BALDWIN: No. We contemplate something more elaborate than merely issuing a licence to the ordinary small pleasure boat operators, but the difference is not something that we have got the answer to as yet.

Mr. GREEN: How many boats are there now which are licensed under section 107?

Mr. LANGLOIS (*Gaspé*): On the Great Lakes there are 36,000.

Mr. BALDWIN: There are 120,000 in Canada.

Mr. LANGLOIS (*Gaspé*): Exactly, there are 119,845.

Mr. GREEN: How many do you contemplate will be licensed under this provision in the licensing centres?

Mr. LANGLOIS (*Gaspé*): There can be more than one operator for one boat; there could be more operators than there are boats.

Mr. GREEN: Have you given any estimate as to the number that would be licensed?

Mr. BALDWIN: No, we had no basis on which to make such an estimate other than to take this figure and to multiply it, let us say, by two or three. You see, we do not know.

Mr. GREEN: There would also be 200,000 of these licences issued?

Mr. LANGLOIS (*Gaspé*): With two operators for each boat, yes.

Mr. GREEN: How are these provisions going to be handled in dealing with such a large number?

Mr. BALDWIN: We have various ideas such as the use again of our customs officers, and of the R.C.M.P., and possibly in the initial stage, a longer use of voluntary organizations such as the Canadian Power Boat Squadrons, and so on. We fully recognize that it will take quite a little while to set this up and to see about the names of the parties and the warnings which would have to be given.

Mr. GREEN: Did you not say that you would be getting some help from the municipal committees, or from the provincial police as in Ontario?

Mr. BALDWIN: We hope so.

Mr. LANGLOIS (*Gaspé*): We are going to seek their cooperation, as I stated in the house.

Mr. GREEN: In addition to these two types of licences, one being for the vessel and the other being for the operator, you are taking the power to make regulations with regard to particular waters as I understand it. Does that mean that you can have a different type of regulation, let us say, in Newfoundland, than you would have for the Great Lakes?

Mr. BALDWIN: Oh yes, it could possibly be.

Mr. GREEN: Your regulations can apply to only one part of the country?

Mr. LANGLOIS (*Gaspé*): We will have to take into account local conditions. That is what we have in mind. Our regulations may vary according to local conditions.

Mr. GREEN: Under which provision of the act will you be providing for lifesaving equipment or for fire fighting equipment?

Mr. BALDWIN: That also comes under the inspection provisions of the act which are part 7, the inspection part 7 of the act.

Mr. GREEN: You say it is taken care of under part 7. There is nothing about it in this bill.

Mr. HAHN: Mr. Green raised a question relating to one of the earlier problems I raised in respect to my own question, when Mr. Langlois suggested that we seek the cooperation of municipal police. Do they now act with authority if they decide that a boat is travelling too quickly, let us say, on the Fraser river?

Mr. BALDWIN: They would have the authority to do so. I would have to know what particular part of the Fraser river was involved.

Mr. HAHN: I am referring to your letter again in which you suggested that the R.C.M.P. at "Delta" should have the authority there. There are no R.C.M.P. at Ladner, and they have to use municipal police there, and their authority runs all along the south bank of the Fraser river.

Mr. BALDWIN: Any police at all would be in a position to lay an information under the existing regulations if they considered that there has been a violation.

Clause 27 agreed to.

On clause 28.

Mr. LANGLOIS (*Gaspé*): Clause 28 is a very simple one. Section 719, reciprocal services relating to British ships—the Department of Justice has expressed the opinion that if it is desired that section 719(1) should apply to legislation by the Imperial Parliament, this section should be amended so as to remove any doubt as to its application to such legislation.

Clause 28 agreed to.

On clause 29.

Mr. GREEN: I suppose that cannot be altered in any way by the parliament of Canada?

Mr. BALDWIN: No, it is an international agreement.

The CHAIRMAN: Shall Annex (B) be carried at the back of the book?

Agreed to.

Shall we revert now to clause 2 "Exemption from registry"?

Mr. GREEN: Clause 2 is the one which raises the minimum for registration of vessels from 10 tons to 15 tons. I suggested the other day that it was unwise to make that change. I have been looking into it further in the meantime and I am more convinced than ever that there is no point in making a change of this kind.

I came originally from a lake district, in south eastern British Columbia; I was not accustomed at all to deep sea ships until I moved to Vancouver after the first war and there I was very much impressed by how much this registration of ships meant and how practical it was.

It provides a sort of certificate of title system for those ships; and the builders, in my experience, have to comply with the provisions in order that the ship may be registered. I have acted for some ship builders and I think they are particularly careful because of that fact. Once the ship is registered, you have the title to that ship and it may be mortgaged in a formal way under the Canada Shipping Act, and transfers are dealt with under that act. There is a special form for transferring the registry of ships which is quite different from that for non-registered ships in which case you simply use an ordinary transfer; and in the matter of the name too, it is registered, and upon the death of the owner there is provision for transferring the ownership of the ship. All these are covered by the code which is known as the Canada Shipping Act.

I hate to see changes made in this act unless they are made for a very good reason. Incidentally, I find in the annual report of the department that they have 73 different ports of registry where these registrations can be made. It is not as if they were confined to the larger cities; and records are kept, and there is an official list of ships which has been kept for many years by the department and it contains all these vessels down to the minimum of ten tons.

The parliamentary assistant told us yesterday that of the 17,000 ships which are registered, there are 3,354 in the category from 10 tons to 15 tons which would be taken out of the act by this amendment; and of that number there are on the west coast 857 registered ships between 10 and 15 tons.

Mr. LANGLOIS (*Gaspé*): I would not say that they are taken out of the act. They would be licensed and would come under the inspection provisions of the act.

Mr. GREEN: No, they would be taken out of the registration provisions of the act. What does that mean with respect to those 857 ships there now if you come to transfer them; you would not need to comply with the provisions of the Canada Shipping Act and have registration made. That just puts them in the category of those 120,000 to which reference has been made today. They would only have to be licensed and they would no longer have to be registered.

Mr. LANGLOIS (*Gaspé*): Would you mind my correcting a misinterpretation which members seem to place on what I previously stated. You will remember that I mentioned that there are 3,354 ships between 10 and 15 tons. All these ships are already registered, and unless the owners ask that they be withdrawn, they will remain on the register.

Mr. GREEN: If the provision compelling them to register is deleted, then I suggest, Mr. Chairman, that they do not have to bother about the provisions of the Canada Shipping Act.

Mr. LANGLOIS (*Gaspé*): But they are already registered!

Mr. GREEN: Suppose I have a ship of 12 tons which is now registered, and suppose this amendment goes through making it unnecessary to register it unless it is 15 tons. Then that ship can simply be turned over to somebody else without having to comply with the Canada Shipping Act at all.

Mr. CARTER: Not if it is already registered.

Mr. LANGLOIS (*Gaspé*): According to this amendment you have the privilege of registering or of licensing your ship if it is below 15 tons; but if your ship is already registered,—and that is the case with these 3,000 odd ships that I mentioned yesterday—it would have to comply with all the requirements for registered ships as long as it remained on the registry and that until the owner asks to withdraw his ship from the register.

Mr. GREEN: That is not what the amendment says. The clause reads this way: "Ships not exceeding 15 tons register tonnage employed solely in the navigation on the lakes, rivers or coasts of Canada and pleasure yachts not exceeding 15 tons register tonnage wherever employed or operated are exempted from registry under this act".

Mr. LANGLOIS (*Gaspé*): If they are already registered, Mr. Green, they remain as registered ships.

Mr. GREEN: No, there is nothing to say that.

Mr. LANGLOIS (*Gaspé*): You do not have to say it, Mr. Green.

Mr. GREEN: No, but there again it is a matter of interpretation. It says that from now on those ships are exempted from registry. Now, surely that can properly be interpreted to mean that they no longer need to comply with the provisions for registered ships, and so far as licensing is concerned, the licence is a very perfunctory matter, it must of necessity be when we take into consideration that there are 120,000 odd ships that are licensed now. The declaration that is made to license a ship as contained in this form 1503 does not contain—there is no affidavit at all, nothing is sworn. It is simply a signed statement by an applicant which just gives his name, and the fact that he is entitled to a licence, the length, breadth, depth and approximate tonnage of the ship; and then the particulars as to the engine, and so on, and the owner's name.

Now, I think we have gone over the whole situation pretty fully, but I hope that the committee will not approve of a change of that type. I think it is doing harm to all these ships from 10 to 15 tons that are registered. I think also it is going to increase the burden in respect to the licensing of ships, and put those ships under a licensing provision which was never intended for them at all. The licence is intended for the little ships of an entirely different category. There has been no request from any official body such as the Merchants Exchange, or the groups such as the shipbuilders associations, or the people that are directly affected by this change. The parliamentary assistant said yesterday that there had been no request for this alternation. I would hope that the committee would see fit to drop that amendment contained in section 2; the result would be to leave the law as it is at the present time, and that is that vessels of 10 tons or more must be registered in the usual manner.

Mr. LANGLOIS (*Gaspé*): Mr. Chairman, I do not want to waste the time of the committee on this section, but I wish to point out that all we are doing now is seeking an amendement to the present section 8 of the act which says that ships below 10 tons of net tonnage may register, or not. There are many

ships, I would say roughly a thousand ships below 10 tons—of net tonnage which are presently registered. I have here before me the List of Shipping and at page 383 I find that there are many of these ships below 10 tons which are already registered. I have here; two; six; five; nine; three tons, etc.

Mr. GREEN: How many of those are passenger ships?

Mr. LANGLOIS (*Gaspé*): They are not passenger ships.

Mr. GREEN: They have to be registered anyway.

Mr. HOSKING: They are all pleasure craft.

Mr. LANGLOIS (*Gaspé*): It does not matter at all. Passenger ships can be licensed.

Mr. GREEN: Under five tons?

Mr. LANGLOIS (*Gaspé*): That is the inspection regulation you are dealing with below five tons. Below five tons they are not subject to the annual inspection, but they are subject to the spot checks that were mentioned yesterday. I have a whole list of them here, which goes to show that even if a ship is below 10 tons, it can register, and if it does register it has to comply with all the requirements of registration.

Now, as I said yesterday, all that we are seeking by this amendment is to cut down the paper work, and to cut down the red tape when we think that red tape achieves no practical purpose. We have in mind the owner of a boat—not the one who lives in Vancouver, or in a large center where you have all the facilities, but of the boat owner who lives in the outlying districts where those facilities are lacking. Now, we are not insisting on this amendment. We have merely suggested that because our officials, following representations received from some boat owners, have come to the conclusion that we were asking for too much paper work with no practical purpose in sight.

Now, if the committee feels that we should stay with the 10-ton limit that we now have, I have no objection, but I leave it to the committee to decide. However I must say, that it would be one of those rare occasions when a department of government comes to a committee of the house asking them to cut down red tape and to cut down paper work, and it is being turned down by the same committee.

Mr. CARTER: I think we would be in a very weak position if we turned down any request to diminish the red tape.

Mr. LANGLOIS (*Gaspé*): That is what we are doing.

Mr. CARTER: As I see it, this amendement does not affect anybody except the departmental officials. It does not affect the owner; it does not affect the operator. He still has to comply with the same regulations, does he not? He must have the same fire equipment, and everything that touches the operation of the boat is exactly the same as if the boat were registered. If the boat is already registered there is no advantage, as I can see it in withdrawing from the registration. He has paid his fee and has gone through all this misery of getting registered and he may just as well save the trouble of applying for a licence.

Mr. GREEN: Why not use the same argument for 100-ton ships?

Mr. CARTER: Because for the very reason that the parliamentary assistant pointed out. These little boats are numerous. In Newfoundland we have 1,300 settlements, and there are a dozen, or 20 of these small boats—not in every settlement, but there are one or two in every settlement, and in some settlements 30 or 40.

Mr. LANGLOIS (*Gaspé*): And they do not leave our shores.

Mr. CARTER: They do not leave our shores. They do not engage in ocean traffic, or anything like that. You take a person out of Labrador who has a little 10-ton boat, if he has to go through all this formality of filling in these

papers he will never want to have his ship registered. On the other hand, if he has to mortgage his boat, or sell it, or something like that, then he must register it, and other laws compel him to do that. I cannot see how this does any harm to anybody and it does a lot of good to a lot of my people, so I must support it.

Mr. GREEN: You see, Mr. Chairman, we would be only too glad to help Newfoundland, but there is no reason why our laws should be broken down to meet a local situation, and that is what this amounts to. If they have a peculiar situation, let it be covered in some other way, by the department. But, why break down our registration laws to meet a situation of that kind?

Mr. HOSKING: I do not think that is the case. I do not think that should go on the record unchallenged. Mr. Carter has explained how it affects the people in his riding. We have a little lake, Puslinch lake, in my riding and I do not see any sense in having these small boats registered; and the applicant, unless he is a very learned man will have to go to a lawyer and pay a fee—

Mr. GREEN: They do not go to lawyers at all.

Mr. HOSKING: —and have to pay a bill for it in order to have their application papers filled out. It may be quite simple to a great many people, but many in order to fill them out have to pay a lawyer's fee. This is one of the cases where, when there is not a necessity, and where nothing is gained by it, and they can do it if they want to, but they do not have to do it, and the department is willing to get along without it. I do not see why we should force these people into registering their ships. If they want to take their boats across to the United States, they must be registered, because this registration is the same as a passport; it is a birth certificate; it is proof of what that ship is, and it must be registered, and they do that voluntarily. Why, there are 100,000 and some odd registrations of ships.

Mr. LANGLOIS (*Gaspé*): One thousand.

Mr. HOSKING: That is why there are a thousand ships below 10 tons registered. But, that is the reason why they register those ships, because that is their passport. Now, over 10 tons they could do it, but I do not see any reason for requiring these people to have to do it.

Mr. LANGLOIS (*Gaspé*): I leave it to the committee to decide.

Mr. BARNETT: I would just like to say a word or two. I have given some thought to this question raised by Mr. Green. I think, perhaps, coming as he does, from our metropolitan octopus of British Columbia he may see this matter through somewhat different eyes than someone like myself who travels part of the western coast to Vancouver island. I think I am quite safe in saying that for the majority of the fishermen and others who live in those areas, that this is a change which they will welcome. I do not think the situation is a purely local one, confined to Newfoundland. I think we have to recognize that there has been a development on the Pacific coast towards larger boats.

Fishermen, among others, have been in a position financially and otherwise, to increase the size of the vessels they use when they go out off the shores of the west coast and Vancouver island, and the fishing banks there. I do know, from discussions I have had with them, that one of their complaints is the requirement for some of the red tape that involves journeys to Vancouver which are quite lengthy and expensive, and that any provision which may enable them to avoid some of these journeys I think will be welcomed by them. I do not feel that the increase to 15 tons is going to upset the pattern of our shipping on the British Columbia coast seriously. Someone has pointed out that it is very easy for someone in Vancouver, or in the center of Vancouver to go through these provisions. But, for a man in Cayuya or up in Quatsino Sound, it is a very different situation. Not all of our vessels are built in the

shipyards in New Westminster or Vancouver, or Victoria. There are a number of small marine yards operating up the coast. From my observations of the kind of work they have, any suggestion that they are going to lower the specification to which they build vessels, if this amendment carries, I cannot see that it will be well founded in actual practice. So, that as far as I am concerned, I am inclined to feel that this is a step which will meet the convenience of many of the operators of vessels of increasing size on the Pacific coast, and perhaps also in Newfoundland.

The CHAIRMAN: Shall clause 2 carry?

Mr. HAHN: Mr. Chairman, just before that carries, I just have a couple more questions. I notice in the section it refers to ships not exceeding 15 tons. Now, in clause 7 of the bill we see a reference to gross tonnage and in clause 22 there is a reference to gross tonnage. I am just wondering why we do not refer here specifically to gross tonnage? What is the intention?

Mr. LANGLOIS (*Gaspé*): The registered tonnage is equivalent to the net tonnage.

Mr. HAHN: It is the net tonnage. Very well. Then another question. I was possibly not here in the committee when this was first taken up. Possibly we could have the reason for it being 15 tons and not a nominal figure such as 25 tons. What was the argument earlier when the 10 tons suggestion was proposed? Is there any specified reason for it stopping at 15 tons?

Mr. LANGLOIS (*Gaspé*): It was 10 tons when it was fixed many years ago, and that was a purely arbitrary figure. We must have in mind that we are dealing with ships that are plying in our own coastal waters, and never leaving our shores. We find that if the ship does not leave our shores,—it is not big enough to leave our shores,—the registry is not as useful as it might be for a ship that leaves our shores and sails to foreign countries.

Mr. HAHN: Because with modern techniques a 15-ton ship today is the equivalent of a 10-ton net volume, is that the idea?

Mr. LANGLOIS (*Gaspé*): It has no relation to it. I would not be prepared to say that. We figure that is the tonnage below which the formality of registry does not add anything. It does not serve any practical purpose.

The CHAIRMAN: Shall Clause 2 carry.

Clause agreed to.

The CHAIRMAN: Clause 9.

Mr. LANGLOIS (*Gaspé*): We are now on clause 9, and I wish to move the following amendment:

That clause 9 be revoked and the following substituted therefor:

119. (1) Every British subject who

(*a*) served as a master of a home-trade, inland waters or minor waters steamship of over ten tons, gross tonnage, for a full period of twelve months within the ten years immediately preceding the date of his application for a certificate of service,

(*b*) produces satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and

(*c*) passes the prescribed examination

is entitled, on payment of the prescribed fee, to a certificate of service as master of a steamship not exceeding three hundred and fifty tons gross tonnage, not carrying passengers and not being a tug, within the limits prescribed by the Minister and specified in the certificate.

(2) The holder of a certificate of service as master of a steamship not exceeding one hundred and fifty tons gross tonnage in force at the date of the coming into force of this subsection retains all the rights and privileges he had under that certificate immediately before that date.

I wish to add by way of explanation that the minister will be empowered to prescribe limitations restricting the certificate. I think this meets the objections which were raised yesterday, when the eventuality was foreseen that one of these seamen in Newfoundland, having acquired his experience in the waters of Newfoundland—coastal waters of Newfoundland only—would get a certificate—and then go and compete for employment with duly qualified and crtificated officers on the west coast. That is why we have added this power to the minister to prescribe limits in which such a certificate would be valid.

Mr. GREEN: Mr. Chairman, do you not think that should be 15 tons there?

Mr. LANGLOIS (*Gaspé*): Why?

Mr. GREEN: You have got 10 tons here. Why could it not be 15 tons in both places?

Mr. LANGLOIS (*Gaspé*): We are dealing with a different matter altogether.

The CHAIRMAN: Shall the clause as amended carry?

Clause agreed to.

Shall the title carry?

Mr. HAMILTON (*York West*) Before the title carries, I wonder, sir, if I could ask the indulgence of the committee? I was speaking in the house, and I was not in at the start. I assume you have finished with the oil pollution control. I would like to ask three short questions of Mr. Cumyn. First: in the case of an authority such as the Toronto Harbour Commission, would the federal government be installing the necessary oil pollution control facilities and second, what is the cost of this type of facility; thirdly, since he has mentioned that there are plans ready in case it is needed as a result of the St. Lawrence seaway, how much time is involved in installing a facility of that kind?

Mr. CUMYN: Sir, I think if we were to install a reception facility in the Port of Ontario we would have to do it through our own Department of Transport. If those facilities take the form of a barge to receive the waste oil they would be operated through some private firm. We could empower the Hydro Commission to rent out facilities to a private firm. Possibly the same procedure would be followed if a shore tank was necessary. The cost of a barge of 300 or 400 tons would run into the nature of $70,000 or $80,000. We have hoped to be in a position, in some cases, to buy up old barges, or old lighthouse ships that have been condemned by the department, and convert them to this use. The cost of a tank would be in the nature of $20,000.

Mr. HAMILTON (*York West*): And the time?

Mr. CUMYN: Once it is decided that the facilities are necessary in a certain port it would be a matter of possibly three or four months.

Mr. HAMILTON (*York West*): Thank you.

The CHAIRMAN: Shall I report the bill with amendments?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: I wish to thank Mr. Langlois and the officials of the Department of Transport for the work that they have done and the advice that they have given to the committee. I wish also to thank the members of the committee.