



CANADA

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## CANADIAN GOVERNMENT SHIPBUILDING POLICY

The following statement was made recently by Mr. C.M. Drury, the Minister of Industry:

Canada, as an important maritime nation, is fortunate in having an efficient shipbuilding industry centered in the Atlantic Provinces, along the St. Lawrence River and the Great Lakes area, and on British Columbia's Pacific Coast. The Federal Government is the largest single user of these services in the procurement and maintenance of vessels for the Departments of National Defence, Transport, Mines and Technical Surveys, Fisheries, Public Works and other agencies.

In the past much of this work has been directly allocated to individual shipyards on a cost-reimbursement basis. A variety of procurement policies have been administered by the various user departments, and there has been a lack of long-range forecasting of Government requirements. These conditions have failed to encourage the effective growth of the industry.

### PROCUREMENT POLICY

Accordingly, during the last year, the Government has studied its procurement policy from the viewpoint of:

- its effect on the customer, i.e. the Government;
- its effect on the shipbuilding industry from the viewpoint of its stability, size and efficiency;
- its effect on national and regional economies.

As a consequence of this study, the following steps have been taken:

- (1) A forecast of total Federal Government shipbuilding procurement requirements from now until

1970 has been provided to the industry. This represents proposed expenditures by all federal departments of government of approximately \$394 million over this six-year period, or an average of approximately \$65 million *per annum*. By comparison, during the past eight-year period, such expenditures amounted to \$339 million, or an average of approximately \$42 million *per annum*. For the first time, Canada's shipbuilding industry has been given an integrated long-range forecast of shipbuilding expenditures and their composition. By so doing, the industry can best determine its future work-loads. Shipyards will thus be given an opportunity to plan effectively for the specialization of their ship construction and repair activities and the diversification of their other work.

- (2) The Government has adopted the following procurement principles:
  - (a) National competition whenever the nature and operational circumstances of the requirement permit.
  - (b) Area competition where it is not practicable to transfer a vessel from one area to another.
  - (c) Direct allocation to a shipyard, only in cases where special circumstances exist, e.g. a particular job of a type for which there is only one shipyard capable of handling, e.g. emergency work of a type necessitating the use of the nearest available yard capable of performing the work.
  - (d) A transitional plan for West Coast shipbuilders during 1965-1970. This plan recognizes that

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effective participation by West Coast shipbuilders in national competitions may be prejudiced initially by their higher costs. Accordingly, under this transitional plan, a portion of Government ship requirements, which could be subject to national competition, will be guaranteed to the West Coast area, on an annually decreasing basis, to the end of the period. Such a transitional plan would reduce any disruption in West Coast shipyards by the sudden introduction of national competition. It affords West Coast shipbuilders an opportunity to adjust productivity factors.

- (3) The appointment of a joint Industry-Government Committee to examine those contractual conditions necessary for effective competition. This applies particularly to the case of warship construction, for which the requirements are sophisticated, the standards exacting and construction periods extensive.

The achievement of a single integrated shipbuilding policy projected over an extended period is consistent with the philosophy of the Glassco Commission Report.

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### A CAPITAL QUESTION

The question of where the capital of the Northwest Territories should be will be raised in August at hearings of the Advisory Commission on the Development of Government in the Northwest Territories. Chambers of commerce and other local groups are expected to argue in favour of their own communities. Or, if they support proposals to create two separate territories, they may urge the establishment of two new capitals - one in the Western and one in the Eastern Arctic.

The present territorial government, headed by Commissioner B.G. Sivertz, is located in Ottawa. Since 1951, however, the administrator of the Mackenzie District has had his offices at Fort Smith.

In 1962 the territorial council proposed the creation of a separate Mackenzie Territory, with Fort Smith as its capital. This arrangement seems satisfactory to some Northerners, while others favour the transportation centre of Hay River or the large mining community of Yellowknife, and the forthcoming hearings may produce still other suggestions.

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### HISTORICAL CANOE RACE

Testing and training will begin this summer and be extended next summer in preparation for one of the most ambitious and potentially attractive outdoor shows of Canada's centennial year - a canoe race of 3,500 miles from Edmonton, Alberta, to Montreal.

At least ten seven-man canoes, one from each province, it is hoped, and possibly others from the Territories, will follow the waterways used by the voyageurs, traders and explorers before there were roads. The paddlers, who will wear the colourful garb of the voyageurs, will stop, in their 100-day race to Montreal for a grand finish at Expo '67, at many points along the famous old water route.

## STUDY OF CONSTRUCTION INDUSTRY

Labour Minister Allan J. MacEachen recently commended the Canadian Construction Association for its special centennial project - a major and comprehensive inquiry into the conduct of construction-labour relations in Canada.

Mr. MacEachen said he was particularly pleased to learn of this project because it should fit in with the Government's own efforts, through its Manpower Consultative Service, to encourage industry and labour to examine their positions critically. Since the Service was established last year, it has entered into five agreements under which employers and unions are studying the manpower effects of technological and industrial changes in their respective plants or businesses. The Minister said the Department of Labour stands ready to assist in any way it can in this new inquiry if called upon by the Canadian Construction Association.

The construction-industry studies are to be guided by a steering committee under the chairmanship of H. Carl Goldenberg, Q.C., of Montreal. A report on the inquiry, with recommendations for improved methods for the conduct of construction-labour relations and their implementation, will be released in January 1968.

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### IRON ORE

Shipments of iron ore by producers increased in May, to 4,324,469 tons from 4,203,165 a year earlier, and in the January-May period to 10,977,950 tons from 9,595,608 in the corresponding period of 1964.

Export shipments climbed in May to 3,961,905 tons from 3,791,966 a year earlier, and in January-May to 9,705,492 tons from 8,212,502 a year ago, while domestic shipments declined in the month to 363,564 tons from 411,199 and in the five months to 1,272,458 tons from 1,383,106. Stocks at the end of May were smaller than a year ago, at 3,800,676 tons compared to 5,192,033.

May shipments were greater than a year earlier from all producing regions except Quebec. The month's totals were: Newfoundland, 1,476,299 tons (1,300,540 in May 1964); Quebec, 1,570,934 (1,801,779); Ontario, 993,691 (913,515); and British Columbia, 284,545 (187,331).

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### INDUSTRIAL PRODUCTION

Canada's seasonally-adjusted index of industrial production (1949=100) for April declined by 0.5 per cent to 225.6 from the revised March level of 226.7. The decrease was the result of respective drops of 0.7 per cent and 1.3 per cent in manufacturing and electric power and gas utilities and a gain of 0.9 per cent in mining output.

At an index level of 205.4 (1949=100), non-agricultural real output in the first quarter of 1965 was 2.2 percent higher than in the fourth quarter of 1964, after removal of seasonal influences. Most of the major industry divisions contributed to this increase.

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# AWARDS TO SEAGOING WEATHERMEN

Masters and other officers on 38 merchant and government ships have received a total of 55 Department of Transport awards for excellence in their voluntary work of making weather observations during 1964.

In announcing the awards, J.R.H. Noble, director of the Department's Meteorological Branch, said knowledge of weather conditions over the vast expanses of the world's oceans was dependent almost entirely on the reports received from merchant vessels and others. Out of a world total of about 4,000, Canada has 122 ships that report weather conditions regularly. In 1964, Canadian ships made approximately 33,000 reports. Some 50 vessels, sailing from east and west coast ports, travel to the Far East, Australia, South Africa and Europe. About 35 send their observations from eastern and western coastal waters and the Canadian Arctic. The weather on the Great Lakes is now being reported by 38 more.

## REPORTING ROUTINE

Four times a day, at fixed hours, the ships' officers

take a few minutes out from their regular shipboard duties to record pressure, temperature, wind, humidity, clouds, visibility, waves, and several other aspects of the weather prevailing at the time. They transform all this information into a condensed code known the world over and hand the report to the ship's radio officer, who transmits it to the nearest coast radio station, which in turn relays it to the meteorological service of the country concerned. This message, together with hundreds of others, is used immediately by meteorologists ashore to prepare forecasts for the mariners themselves, for aviation, the general public, and numerous other agencies.

By tradition, ships' officers receive no payment for their weather-observing duties. However, in return, they receive from the Meteorological Branch weather advice in the form of forecasts, bulletins and maps by radio and facsimile, which are based on the reports they have made themselves only a few hours earlier.

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## INDUSTRIAL PRODUCTION

(Continued from p. 2)

During the first quarter of 1965, the current cyclical expansion in production was in its sixteenth quarter and non-agricultural real output had reached a level 27 percent above its first quarter 1961 cyclical trough. The current expansion has thus been of considerably longer duration than either the 1954-56 upturn, which lasted for ten quarters and achieved a gain of 22 per cent, or the nine-quarter long 1957-60 upswing, which resulted in a 10 percent increase.

## LARGEST CONTRIBUTORS

Manufacturing, trade and construction were the largest contributors to the first-quarter gain in non-agricultural real output, with manufacturing accounting for almost one-third of the advance, and the other two groups for about one-fifth each. The 2.5 percent increase in manufacturing output came from a 6 percent increase in the durables component, as non-durables declined fractionally. Within durables, the most important single influence was the attainment of new high levels in motor-vehicle and parts production, resulting in a 23 percent advance in transportation equipment from the fourth quarter. This followed upon sharp declines in the fourth quarter of 1964, when labour disputes in the industry affected production levels particularly strongly. All other major groups within durables also showed increases in the first quarter, with the exception of wood products, which declined by 1 per cent.

Within trade, which advanced by 3 per cent, the wholesale-trade component showed the larger increase (7 per cent), while retail trade was up by about 1 per cent. As in manufacturing, motor-vehicle dealer sales were the largest contributors to the increase. Declines occurred in the sales of building

materials and construction-equipment dealers, again paralleled in manufacturing by declines in the production of many building materials, such as paints and varnishes, roofing paper and wire products.

Among the remaining industry groups, increases of 2 per cent and 3 per cent occurred in electric power and gas utilities, and mining, respectively, while forestry was up by 8 per cent. Transportation showed no change from the previous quarter, following more than a year of uninterrupted expansion at high levels of activity. Construction was up by 6 per cent, while 1 percent increases were recorded by the rest of the service-industry groups.

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## LARGER CANADA COUNCIL GRANTS

More numerous and, in most cases, more generous fellowships in the humanities, the social sciences and the fine arts have been announced by the Canada Council for the academic year 1966-67. Five competitions, providing for an estimated 700 awards worth in excess of \$2 million, are listed in the programme, details of which are available from the Council's Fellowships Section. The largest awards, for established scholars and artists, will range up to \$5,500 - \$1,000 more than last year.

In last year's programme (for awards tenable during 1965-66), the Council had announced, for the same five categories, a total of 380 awards, worth about \$935,000. By re-allocating funds and cutting the value of some awards, the Council, was able, in fact, to grant 533 scholarships and fellowships, worth about \$1,250,000. The programme now being announced calls for expenditures of \$800,000 in excess of that sum.

## DETAILS OF AWARDS

In the humanities and social sciences, the programme offers pre-doctoral fellowships, intended in

the main to help applicants qualify as university teachers, and senior fellowships and short-term research grants, intended for established scholars and members of university staffs engaged in independent research or other form of scholarship (not leading to a degree). Persons engaged in pursuits of an academic rather than a creative nature can also compete for these awards. Two other competitions are meant specifically for the creative artist - one for artists of promise still in their formative years, the other for those with well-established reputations. The new programme provides for: approximately 425 pre-doctoral fellowships, most of which will be worth between from \$2,000 and \$3,000 (an increase of \$500), though a very limited number of the top candidates will be granted an extra \$1,000; about 45 senior fellowships of up to \$5,500 each (an increase of \$1,000); 100 short-term research grants of up to \$1,500 (the same as last year, when the top value was raised from \$1,200); 100 arts scholarships worth a maximum ranging from \$2,000 to \$3,000 (an increase of \$500); about 25 arts fellowships of up to \$5,500 (up \$1,000 from last year's announced maximum). Travel allowances also are provided.

The Council will also increase its assistance to research workers engaged in major projects, but will do so as part of its grants programme rather than through the fellowships competitions. Similarly, the Council will retain its freedom to make special awards outside the regular competitions in exceptional circumstances.

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### INTERPRETERS FOR ARCTIC COMMISSION

The views of some 10,000 Eskimos will be among those sought by the Advisory Commission on the Development of Government in the Northwest Territories.

To make sure of obtaining their opinions, the Commission will use one or more Eskimo interpreters during its swing through the Northwest Territories in August.

Simonee Michael, an Eskimo working at Frobisher Bay, Baffin Island, will join the Commission at Churchill for the eastern part of its tour. In the Western Arctic, the Commission will use local interpreters as required.

Few language problems are expected in the western part of the territories, where nearly all the residents speak English. At some places, such as Wrigley and Nahanni Butte in the southwestern Mackenzie District, Indian interpreters may be needed.

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### CANADA'S BUSIEST AIRPORTS IN 1964

Traffic at Montreal International Airport during 1964 edged ahead of that at Toronto International Airport for the first time in five years, to make it Canada's busiest airport. The federal Department of Transport said recently that 95,186 takeoffs and landings had been clocked at Montreal, compared to 80,821 in 1963. These are itinerant movements, both domestic and international, and do not include strictly local traffic remaining under tower control.

#### RUNNERS UP

Toronto International Airport placed second, with 89,205 aircraft movements compared to 86,012 in 1963. Ranking third and lower in non-local traffic were Vancouver with 73,763 (72,881 in 1963); Winnipeg with 68,724 (64,763); and Calgary, which replaced Ottawa in fifth place with 59,012 (57,674).

Total movements at the 33 DOT tower-controlled airports amounted to 2,288,504 in 1964, a decrease of 10,881 from the number recorded by the same airports in 1963. This was the third decline in four years, making the 1964 figure well below the 2,838,073 recorded in 1960.

Itinerant movements increased more than 10 per cent in the same period, to 989,128 from 897,162, with almost all of the increase occurring during the past two years. On the other hand, local movements and simulated approaches declined each year. From 1960 to 1964, they dropped 33 per cent, from 1,806,288 to 1,210,854. This decline in local movements is attributable in part to the recent establishment of alternate satellite airfields, as well as to a decline in military traffic at these airports.

#### TOPS IN LOCAL MOVEMENTS

Cartierville and Toronto Island airports again led the count by a wide margin in local movements - the former reporting 155,960 and the latter, 154,911. It was the third straight year that Cartierville was the busiest airport in total traffic. Edmonton Industrial moved into third place, at 90,492, while Winnipeg was fourth with 88,436 and Calgary fifth with 79,338.

Airports registering five-year highs in total traffic in 1964 were Abbotsford, Edmonton International, Fort St. John, Fredericton and Windsor. Airports with five-year lows in 1964 were Ottawa (down 38 per cent from 1960); Regina (down 18 per cent); Saint John (43 per cent); Sydney (52 per cent); Vancouver International (57 per cent) and Whitehorse (14 per cent). Decreases were again, for the most part, due to fewer local movements and simulated approaches (instrument practice runs without touching ground).

(Continued on p. 4)