



Canada. Parl. H. of C. Standing
Comm. on Railways, Canals
& Telegraph Lines, 1952. J
Minutes of 103
proceedings and H7
evidence. 1952/53

DATE

NAME - NOM R34 A1

Canada. Parl. H. of C. Standing
Comm. on Railways, Canals and
Telegraph Lines, 1952/53.

J
103
H7
1952/53
R34
A1

HOUSE OF COMMONS
Transportation Committee

STANDING COMMITTEE
ON
RAILWAYS, CANALS AND
TELEGRAPH LINES

LIST OF PROCEEDINGS AND EVIDENCE

No. 1

THE RAILWAYS ACT, 1925
AND THE RAILWAYS ACT, 1926
AND THE RAILWAYS ACT, 1927

THE RAILWAYS ACT, 1928
AND THE RAILWAYS ACT, 1929
AND THE RAILWAYS ACT, 1930

MONEY, FEBRUARY 1953

BY ORDER OF THE COMMITTEE
SECRETARY

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND
TELEGRAPH LINES

Chairman—H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Bill No. 38 (Letter L of the Senate),

An Act respecting The Saint John Bridge and Railway
Extension Company

Bill No 39 (Letter M of the Senate),

An Act to amend The Canadian Overseas Telecommunication
Corporation Act

MONDAY, FEBRUARY 9, 1953

WITNESSES:

Mr. J. Q. Maunsell, Q.C., General Solicitor, C.P.R., Montreal, and Mr.
D. F. Bowie, General Manager of the Canadian Overseas Telecom-
munication Corporation.

STANDING COMMITTEE

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

Vice-Chairman: H. P. Cavers, Esq.

Applewhaite,	Follwell,	Murphy,
Beaudry,	Fulton,	Murray (<i>Cariboo</i>)
Bertrand,	Garland,	Mutch,
Beyerstein,	Gillis,	Nickle,
Bonnier,	Gourd (<i>Chapleau</i>)	Nixon,
Bourget,	Green,	Noseworthy,
Browne (<i>St. John's West</i>),	Harkness,	Pouliot,
Cannon,	Harrison,	Richard (<i>Saint Maurice-</i> <i>Lafleche</i>),
Carroll,	Healy,	Riley,
Carter,	Herridge,	Robinson,
Casselmann,	Hodgson,	Rooney,
Cauchon,	James,	Ross (<i>Hamilton East</i>),
Cavers,	Lafontaine,	Shaw,
Chevrier,	Low,	Spence,
Churchill,	Macdonald (<i>Edmonton</i> <i>East</i>),	Stuart (<i>Charlotte</i>)
Clark,	MacNaught,	Thatcher,
Conacher,	McCulloch,	Weaver,
Darroch,	McGregor,	Whiteside,
Dewar,	McIvor,	Whitman,
Eudes,	Mott,	
Ferguson,		

R. J. GRATRICK,
Clerk of the Committee.

ORDERS OF REFERENCE

MONDAY, January 12, 1953.

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

Applewhaite,	Follwell,	Murphy,
Beaudry,	Fulton,	Murray (<i>Cariboo</i>),
Bertrand,	Garland,	Mutch,
Beyerstein,	Gillis,	Nickle,
Bonnier,	Gourd (<i>Chapleau</i>),	Nixon,
Bourget,	Green,	Noseworthy,
Browne (<i>St. John's West</i>),	Harkness,	Pouliot,
Cannon,	Harrison,	Richard (<i>Saint-Maurice-Lafleche</i>),
Carroll,	Healy,	Riley,
Carter,	Herridge,	Robinson,
Casselmann,	Hodgson,	Rooney,
Cauchon,	James,	Ross (<i>Hamilton East</i>),
Cavers,	Lafontaine,	Shaw,
Chevrier,	Low,	Spence,
Churchill,	Macdonald (<i>Edmonton East</i>),	Stuart (<i>Charlotte</i>),
Clark,	McCulloch,	Thatcher,
Conacher,	MacNaught,	Weaver,
Darroch,	McGregor,	Whiteside,
Dewar,	McIvor,	Whitman—60.
Eudes,	Mott,	
Ferguson,		

(Quorum 20)

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.

MONDAY, January 12, 1953.

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

Bill No. 42 (Letter Q of the Senate), intituled: "An Act to incorporate Peace River Transmission Company Limited".

TUESDAY, January 13, 1953.

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

Bill No. 41 (Letter P of the Senate), intituled: "An Act respecting Interprovincial Pipe Line Company".

THURSDAY, January 15, 1953.

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

Ordered,—That the quorum of the said Committee be reduced from 20 to 12 Members, and that Standing Order 63 (1) (b) be suspended in relation thereto.

STANDING COMMITTEE

THURSDAY, February 5, 1953.

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

Bill No. 38 (Letter L of the Senate), intituled: "An Act respecting The Saint John Bridge and Railway Extension Company".

Bill No. 39 (Letter M of the Senate), intituled: "An Act to amend The Canadian Overseas Telecommunication Corporation Act".

MONDAY, February 9, 1953.

Ordered,—That the said Committee be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

Attest.

LÉON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, January 15, 1953.

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

FIRST REPORT

Your Committee recommends:

1. That it be authorized to sit while the House is sitting;
2. That its quorum be reduced from 20 to 12 members, and that Standing Order 63 (1) (b) be suspended in relation thereto.

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

MONDAY, February 9, 1953.

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

THIRD REPORT

Your Committee recommends that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that S.O. 64 be suspended in relation thereto.

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

MONDAY, February 9, 1953.

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

FOURTH REPORT

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

Bill No. 38 (Letter L of the Senate), intituled: "An Act respecting The Saint John Bridge and Railway Extension Company", and

Bill No. 39 (Letter M of the Senate), intituled: "An Act to amend The Canadian Overseas Telecommunication Corporation Act".

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

NOTE: *The Second Report of the Committee had reference to Private Bills in respect of which verbatim evidence was not taken.*

MINUTES OF PROCEEDINGS

MONDAY, February 9, 1953

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock a.m. this day. Mr. McCulloch, Chairman, presided.

Members present: Messrs. Browne (*St. John's West*), Carroll, Carter, Cavers, Chevrier, Churchill, Darroch, Green, Herridge, Hodgson, Macdonald (*Edmonton East*), McIvor, Mott, Murray (*Cariboo*), Pouliot, Riley, Rooney, Weaver, Whiteside, Whitman.

In attendance: Mr. J. Q. Maunsell, Q.C., General Solicitor, and Mr. George W. Hardy, Auditor of Agencies, of the C.P.R., Montreal; Mr. D. F. Bowie, General Manager and Mr. R. J. Cassidy, Secretary-Treasurer, of The Canadian Overseas Telecommunication Corporation; and Mr. W. J. Matthews, Director, Administration and Legal Services, Department of Transport.

On motion of Mr. Lafontaine:

Resolved,—That the Committee recommend to the House that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that S.O. 64 be suspended in relation thereto.

Bill No. 38 (Letter L of the Senate), intituled: "An Act respecting The Saint John Bridge and Railway Extension Company", was called for consideration.

On motion of Mr. Lafontaine:

Ordered,—That the Committee print 300 copies in English and 150 copies in French of its Minutes of Proceedings and Evidence in connection with the said Bill.

The Hon. Mr. Chevrier, Minister of Transport, made a short statement in explanation of the said Bill.

Mr. Maunsell called, made a statement on the details of the bill, was questioned thereon and retired.

Clauses 1 to 4 inclusive, and the Title were severally considered and adopted.

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

The Committee then considered Bill No. 39 (Letter M of the Senate), intituled: "An Act to amend The Canadian Overseas Telecommunication Corporation Act".

On motion of Mr. Green:

Ordered,—That the Committee print 300 copies in English and 150 copies in French of its Minutes of Proceedings and Evidence in connection with the said Bill.

The Hon. Mr. Chevrier made a short statement in explanation of the said Bill.

Mr. Bowie called, made a statement on the operation and proposed expansion of the Corporation, was questioned thereon and retired.

Clauses 1 to 11 inclusive, and the Title were severally considered and adopted.

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

At 12.30 o'clock p.m. the Committee adjourned to meet again at the call of the Chair.

R. J. GRATRICK,
Clerk of the Committee.

EVIDENCE

The CHAIRMAN: We have a quorum and it is customary for someone to move that the committee recommend to the House that it be empowered to print from day to day 750 copies in English and 250 copies in French of its minutes and proceedings and evidence and that the standing order 64 be suspended in relation thereto.

Mr. CARROLL: I cannot see any reason why there should be any copies of evidence or anything of that kind taken and printed in connection with these bills.

Mr. GREEN: The bills are up for consideration today and I think it would be wise to have them printed.

Hon. Mr. CHEVRIER: Could not we cut down on the amount?

The CHAIRMAN: I would say 300 in English and 150 in French. Would somebody move it in regard to this bill, Bill No. 38.

Mr. LAFONTAINE: I move it.

The CHAIRMAN: Moved and seconded that the printing of this bill be 300 in English and 150 in French.

Mr. GREEN: Could we have a brief explanation?

Hon. Mr. CHEVRIER: I do not know that I need repeat what I said in the House, but the two main points concerning this bill are first of all that the title granted to the company paying off the mortgage should be a clear one, which in this case is the Canadian Pacific Railway Company, the parent company of the subsidiary; and the other has to do with the bringing into operation of sections 151 to 153 of the Railway Act. Those are the only two things contained in the bill: the payment of the mortgage in the amount of \$433,000 odd and the clearing of the title. There are two witnesses here, Mr. Maunsell, general solicitor for the C.P.R. and Mr. Hardy. Probably the committee would like to hear them, and perhaps Mr. Maunsell would be good enough to explain the bill.

J. Q. Maunsell, Q.C., general solicitor for the C.P.R., called:

The WITNESS: Mr. Chairman and gentlemen: This matter was brought up in the first instance last spring, I think it was, when I got a note from Mr. Matthews saying the Auditor General had raised the question of the mortgage outstanding in this company and asking what the railway wished to do about it. The St. John Bridge and Railway Extension Company is a New Brunswick company incorporated in 1883 and at the time of its incorporation it arranged for a loan from the Dominion of Canada for this amount of money and that was authorized by dominion statutes and it authorized a loan with interest at 4 per cent to be payable in fifteen years. At the end of the fifteen years a new bill was passed authorizing the Governor in Council to extend for a further period of time the repayment of this mortgage. That would bring it up to 1913, I think it was, and nothing has transpired since then. During all that period of time interest has been paid at the rate of 4 per cent to the Dominion of Canada, but there has been no legal renewal of the mortgage and just what position the title is under the mortgage would be hard to say at the moment. However, this St. John Bridge and Railway Extension Company had no power to operate and it made some kind of informal agreement, a very informal agreement, with the New Brunswick Railway Company.

The New Brunswick Railway Company provided power and operated the railway of the St. John Bridge and Railway Extension Company and they continued that for a number of years; I don't know just how long. In 1890 the New Brunswick Railway Company system was leased for 99 years to the Canadian Pacific Railway Company and that lease carried with it all powers including powers of operation of other railway companies, and so whatever rights it had from the St. John Bridge and Railway Extension were conveyed to the Canadian Pacific Railway Company. Then, in 1905 the railway company in its annual report gave notice to the shareholders of the acquisition of the St. John Bridge and Railway Extension Company and it did acquire the stock of that company in 1905 and it has for many years had complete control over that company and there is \$200,000 common stock and \$125,000 debentures and the Canadian Pacific Railway Company owns the entire stock and the entire issue of debentures so the title to the railway company is entirely vested in the Canadian Pacific Railway Company subject to this mortgage to the Crown and the company is quite prepared to repay the mortgage to the Crown but wants to make perfectly sure it is to have control as to its title, mortgage, debentures or stocks, and that is the purpose of the bill, that the company will have the complete ownership without question of the whole thing and be able to treat it as part of the Canadian Pacific Railway system which it in fact is.

By Mr. Green:

Q. Apparently the bridge is used also by the Canadian National Railways?—

A. The bridge is in effect a joint section. It is owned by the Canadian Pacific Railway Company but there is a joint section agreement with the Canadian National by which the Canadian National comes down from Fredericton and has the right to operate over this bridge which is something less than two miles plus all the way from St. John which is a total distance of 14 miles and they have joint section rights by an agreement with the Canadian Pacific Railways. That is the only other company that uses it.

Q. This bill will not interfere with that?—A. No. This bill is for the purpose of clearing up their internal arrangements to make sure our title is perfect before we pay this money out, and the public are not affected.

Hon. Mr. CHEVRIER: What is the link with the New Brunswick Company?

The WITNESS: Just under two miles, 1.7 miles I think. Beyond that the rest of the 14 miles was owned by the New Brunswick Railway Company so this joint facility agreement covers more than the bridge coverage. I have the agreement with me.

The CHAIRMAN: Are there any other questions you would like to ask?

Mr. HERRIDGE: Why did the Canadian Pacific Railway Company continue to pay 4 per cent interest on a loan of this type over a long period of time?

The WITNESS: I haven't the slightest idea. I think if we were asked to pay it off we probably would. I cannot tell you.

Mr. GREEN: The government cannot improve your title at all, can it?

The WITNESS: Well, this goes back—

Hon. Mr. CHEVRIER: Parliament can, not the Government.

The WITNESS: There is a curious feature about the original bill and that is this: the mortgage itself is a complete conveyance to the Crown and it says "upon the repayment of this money the mortgage shall be void". Now, whether the mortgage being void restores the title to the other, I do not really know. It is a pretty complicated legal question and there are several rather difficult points of law which would be involved if any contest came up, but for practical purposes it will not make any difference.

Mr. GREEN: Is that why you have clause (c) in the first section?

The WITNESS: That is right. We only want the re-conveyance. We want a conveyance from the Crown to us of the land and we want every interest the Crown has whether it has it in fee simple or whether it has the mortgage interest.

Hon. Mr. CHEVRIER: You want more than that. You want to remove any cloud there might be on the title which might have arisen prior to your ownership of the bonds and securities?

The WITNESS: That comes up by reason of section 147 of the Railway Act, that it requires parliamentary authority before a railway company can acquire and hold the stocks and securities in other railway companies. You can see we would have reason to hold the stocks. We have had the stocks since 1905. There are various reasons we could go into, but we have the right. We want to make absolutely sure that no question arises.

Mr. GREEN: You are asking in subsection 2 for confirmation of a verbal agreement made between another company and the St. John Bridge and Railway Extension Company under which the railway has operated over this bridge?

The WITNESS: We are not putting it in that form at all. One of the reasons we would say that we may have the right is that this lease from the New Brunswick Railway Company which included the arrangement between that company and the Bridge Company is that that lease was confirmed by parliament which has inferentially given us the right to acquire. There is another reason we might have the right and that is that under the charter which I have with me, section 75, we have the right to acquire any line of railway east of North Bay to go to a port on the Atlantic ocean, the right to acquire any line or railway; it does not say we have the right to acquire stocks and shares. There is a doubt there.

Mr. GREEN: This section 2 is supposed to clear up all doubts in anyone's mind?

The WITNESS: It is to make this railway a part of the C.P.R. system, that is our interest in doing that, to have the whole thing cleared up in one bite.

The CHAIRMAN: Clause 1?

Carried.

Clause 2?

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Shall the title carry?

Carried.

Shall I report the bill without amendment?

Agreed.

The Canadian Overseas Telecommunication Corporation Act (amendments).

Hon. Mr. CHEVRIER: This bill is brought about by the introduction by the Financial Administration Act of last year and it has been found necessary to amend some of the sections of the Canadian Overseas Telecommunication Act to bring it into the field of the Financial Administration Act. It is now one of the companies mentioned in the schedule of that Act and for that purpose it has been necessary to make these amendments which do not, I think, in any way change what was in the original Act, but which simply brings it within the purview of the Financial Administration Act. The president and

the general manager of the Canadian Overseas Telecommunication Corporation, Mr. Bowie and the secretary, Mr. Cassidy and one of the directors of the corporation, Commander Edwards, are here on behalf of the crown company and I am sure they will be willing to answer any of the questions.

Mr. D. F. Bowie, President and General Manager of the Canadian Overseas Telecommunication Corporation, called:

Hon. Mr. CHEVRIER: I think perhaps you might start with this. There was some question when the matter came up in the House the other day as to what had been done with the capital moneys authorized for expenditure by parliament. I think there were some \$4 million or \$4½ million authorized by parliament for capital expenditure and the like in the original bill and I think the committee should know what was done with that money and what moneys are left and what you intend to do with anything that is left. Perhaps you might begin with that and then we could carry on from there.

The WITNESS: Mr. Minister, gentlemen, the original Act authorized a total capital of \$4½ million. Up to the present the corporation has actually drawn on that to the extent of \$3,418,781. The amount which we have so far had from the government has been applied to the purchase of the assets of Cable and Wireless Limited in Canada and also to acquiring the overseas assets of the Canadian Marconi Company. The assets of Cable and Wireless Limited were purchased in 1951 and a settlement with Canadian Marconi Company was finally reached on the 1st of May, 1952.

The committee will see therefore that there is a balance of roughly speaking \$1,100,000 left to credit and it is the intention of the corporation to apply that to certain future developments, some of which are already under way. I could perhaps go into probably developments briefly and then I would be glad to answer any questions that might arise. Active steps have been taken up to the present to transfer our Harbour Grace, Newfoundland, cable station to St. John's, and the estimated cost of that will run into some \$600,000.

By Mr. Browne:

Q. How do you estimate that \$600,000?—A. For the buildings and for an extensive land line from the point of landing at a place called Middle Cove.

Q. Are you going to put a new cable to Middle Cove?—A. There will be a cable landed coming from Portcurno, England into Middle Cove. Middle Cove is a matter of 7½ to 8 miles from St. John's.

Q. It is 4 to 5 miles?—A. We have had a survey and the survey says about 7½ miles.

Q. Going around in circles?—A. I do not think so. Of course we have to follow the city streets to some degree when we get into St. John's.

Q. How do you estimate for that expenditure?—A. On the land line?

Q. Yes.—A. That is part of the total I gave you. The actual cable itself—there are six miles of armoured cable which will go into the ground along the Torbay Road and then two miles of unarmoured cable which will go into ducts through the city streets in St. John's. The total cost will be about \$118,000 for the cable. In addition to that of course there are the ducts themselves which is a matter of \$32,000 and the building costs are estimated to be about \$228,000 to \$230,000.

Q. Where are you going to build that?—A. On Water Street.

Q. Where?—A. It is opposite the east post office there, there is a small site.

Q. How much are you paying for the land?—A. \$10,000.

Q. Are you going to abandon the line to Harbour Grace?—A. Yes.

Q. Can you redeem or salvage any part of that cable?—A. Yes. That will be pulled up. It does not belong to this corporation. It belongs to the English company and they will pull up certain sections of it that will be useful.

Mr. CAVERS: Why is it desirable to move from Harbour Grace to St. John's?

The WITNESS: It is a straight question of economics. There is no business at Harbour Grace, but we feel the corporation may make some money if it goes into the business centre in Newfoundland.

By Mr. Browne:

Q. The question is why?—A. That is a very good question. In looking back over history, that cable was laid in 1874 and it was laid by a company called the Direct United States Cable Company. It was merely put in as a relay point between the United Kingdom and the United States.

Q. Do you own the building at Harbour Grace?—A. Yes.

Q. Will you sell it?—A. Yes.

Q. That does not cover the \$600,000? Is there more expenditure—equipment for the building?

Hon. Mr. CHEVRIER: I thought it was \$300,000.

The WITNESS: The price has gone up. It had been originally intended to lay a cable into St. John's harbour, but owing to defence requirements we were not permitted to lay it in St. John's harbour, so we had to go to the next best spot and then bring in a land line which has increased our costs—by the time we have paid for the digging of the trenches between Middle Cove and the offices the total cost will have gone up into the neighbourhood of \$600,000.

Q. How? You pay \$118,000 for cable, \$32,000 and \$228,000. That is \$275,000—\$276,000.

Hon. Mr. CHEVRIER: That is about \$378,000.

The WITNESS: Taking into consideration the cost of digging the trench which we do not know at the moment—it is likely to be a very expensive item—there is the various associated equipment—there is a total of about \$330,000 to be provided for, and so taking an overall figure of \$600,000 it should cover our estimated expenditure.

Mr. BROWNE: Do you have radio-telephone from there too as well as cable?

The WITNESS: Well in a long term project we might do. At the moment the ends of the telephone service—when I say we may do I would not want any confusion. The Avalon Telephone Company operate in St. John's and the peninsula. We would not operate the telephone service, but it may be there is a possibility that we would control the end of the radio circuit and feed it into the Avalon which at the present moment they do themselves. I could not give you a positive answer because the question has not been gone into.

Hon. Mr. CHEVRIER: May I interrupt? What was the point you mentioned in England from where the cable came.

The WITNESS: Porthcurno in Cornwall.

By Mr. Browne:

Q. How much did you pay Cable and Wireless?—A. For the assets in Harbour Grace between \$39,000 and \$40,000.

Q. What did that cover?—A. Equipment in the building and the land and the building.

Q. How much for the building?—A. Land and building \$30,509.49; the telegraphic equipment was \$21,645.69 and furniture and other things \$4,286.15. When I quote the figure of \$39,000 and \$40,000 that was the actual figure for which we settled on an expropriation basis. There were certain things in there not expropriated.

Q. That was the whole assets of Cable and Wireless?—A. We have the whole assets. These three figures I have now given represent \$39,000.

Hon. Mr. CHEVRIER: That is the whole of the assets in Newfoundland, not Canada?

The WITNESS: That was just in Harbour Grace.

By Mr. Browne:

Q. And the whole assets in Canada?—A. \$550,000—a total settlement of \$550,000.

Q. And the Canadian Marconi?—A. \$2,500,000 plus an amount of \$276,761 for the Marconi building in Montreal. That is now the head office of the corporation.

Q. Has everything purchased now been paid for?—A. Everything we expropriated has been paid for.

Q. Is there any Canadian Marconi equipment in Newfoundland that you bought?—A. Yes.

Q. Where?—A. In the Avalon office there was terminal equipment and also out at the radio station there we had our transmitters and receivers. The total figure for that was \$95,122.31.

Q. Can I come to another point here. I notice word "cable". The definition has been changed to just include the end of the cable. What does that mean. Was that a mistake originally.—A. Yes, I think it was a mistake. Actually the cable head itself—it is nothing. It is where the cable comes. You have the end of the cable with a few terminal screws and the rest of it and it was not intended originally that it should include the house in which the end of the cable was. In common with the rest of the Commonwealth, Cable and Wireless had sold all these small buildings to the national company concerned and our Act precluded us from buying them. And actually, of course, we need to have access all the time to the cable head and it should be our property.

By Mr. Green:

Q. What about the land?—A. The land will go with it.

Q. Do you mean there has been a mistake in the original Act in that it excluded in a definition of cable head the wires together with the building in which it is housed?—A. That is correct.

Q. Under the original Act you could not buy the building in which the cable was housed?—A. The Act was quite specific. Section 8. It said subject to the approval of the Governor in Council.

Hon. Mr. CHEVRIER: Definition of cable head in the interpretation section of the Act says that a cable head means the short end of a submarine cable together with the building in which it is housed.

Mr. GREEN: Section 8 said they could not buy it.

The WITNESS: They said we may not acquire it. It did not permit us to buy it. It specifically excluded the cable heads.

Mr. GREEN: You have acquired buildings?

The WITNESS: No, not these.

Hon. Mr. CHEVRIER: You want to acquire them?

The WITNESS: Yes, we do.

Hon. Mr. CHEVRIER: That is the purpose of this amendment?

The WITNESS: That is right.

Mr. GREEN: How much was involved in that?

The WITNESS: I think \$200 or \$300. Actually I have no idea. It might be quite small. I am perfectly certain the English company would give us a very good deal on that in order to be rid of them.

The CHAIRMAN: Any further questions?

Mr. BROWNE: Yes. Subsection 2 of section 14 of the old Act was repealed. Is there anything substituted for that? Why has this been changed?

Hon. Mr. CHEVRIER: That is now I understand under the Financial Administration Act.

Mr. BROWNE: I could not find it. You mean a similar provision.

The WITNESS: Mr. Chairman and gentlemen, regarding section 14, subparagraph 2 it will be seen there that in its reference to paragraph 1 it is quite a restrictive clause and if we are permitted to use some of our surplus for further capital developments that would prevent us from so doing.

Mr. BROWNE: How?

The WITNESS: It refers to this specific item of \$4,500,000 and says the money paid to the corporation under this section shall constitute the capital of the corporation.

Mr. GREEN: That must have been amended after the original Act was passed.

Hon. Mr. CHEVRIER: Yes, I think that should be read in conjunction with 82.

Mr. GREEN: You do not want any restriction on the amount of capital? Is that the purpose of the charge?

The WITNESS: Yes.

Hon. Mr. CHEVRIER: Subject to the approval of the Minister of Finance.

By Mr. Browne:

Q. What is the authorized capital?—A. \$4½ million is our authorized capital.

Q. Where is this \$1,100,000 at the present time?—A. Right here in the treasury.

Q. But earmarked for you?—A. Yes, for our purposes.

Mr. GREEN: But you haven't paid any of the money advanced?

The WITNESS: There is no provision in the C.O.T.C. Act which would permit us to repay any of the loan.

Hon. Mr. CHEVRIER: I think it will be, with the Financial Administration Act coming into operation, but the C.O.T.C. is a Crown company and the Minister of Finance must approve of its budget and any amounts that are spent from year to year.

Mr. GREEN: There will be power in the corporation to repay loans from the government?

The WITNESS: Under the Financial Administration Act there will be. That is, to bring our corporation into the scope of the Financial Administration Act.

Mr. CARROLL: Regarding the submission to the minister, I see section 5 repeals section 23 and section 10 does the same thing. Is there any reason for that?

Mr. BROWNE: That is for the revised statutes.

The CHAIRMAN: Yes, that covers the revised statutes in Part II. Part II is really a repetition of Part I but amending the numbers of the revised statutes. All we need to do is to deal with Part I.

Mr. BROWNE: Section 15 is repealed. That has the effect of increasing your working capital from \$100,000 to \$500,000. Is it intended to use so much working capital?

The WITNESS: No, it certainly is not.

The CHAIRMAN: I think you should go on with your program. There is quite a substantial program running into several million dollars and you stopped with the first item. I think you might go on if you will.

The WITNESS: The next item in our extension program provides for the erection of a radio station at Vancouver. The costs of it are estimated to be \$1,341,300. The expansion in Vancouver is contemplated in the first place in order to strengthen the Pacific cable network and we shall of course use that expansion in order to develop our own services to Australia and New Zealand as regards radio, telephone and telegraph service. At present we are in a comparatively poor position competitively because our business to the far east has to circulate across Canada and through London. American competitors are able to deal direct from San Francisco.

By Mr. Carroll:

Q. Will this radio station at Vancouver be under your control?—A. Yes.

Q. What will it cost?—A. \$1,341,000.

Q. Where will it be located?—A. We have not yet picked a site.

Mr. MOTT: You own that Marconi system?

Mr. GREEN: Why was it not taken over by the corporation?

The WITNESS: That is for their ship to shore services I would assume. They operate no overseas services.

By Mr. Murray:

Q. This will result in lowering cable rates on the Pacific?—A. Well, that I am inclined to doubt at the moment. What we are trying to do by some of these changes here is to hold the present cable rates.

Q. You are paying cable rates right across the Atlantic to London. Would you not be saving by sending from Vancouver direct?—A. I think you can take it from me that the amount of profits we are making that way are very small indeed. I do not think it is possible on a global affair such as we have here to say that you can pick out any one particular item and say that we will save some money on this one and make a little more on the other one. In some instances we make quite a bit of money on some cable rates because our payments to foreign governments are small. In other cases we make very little.

Q. If you send a load of lumber to Tokyo out of the port of Vancouver and send a message from Vancouver with respect to the shipment it would surely cost less than to send it around the world by way of London?—A. I think the problem there is different. If you are operating a direct radio circuit you have got certain division of the tolls which is usually on the basis of 50-50. Thanks to our good standing in the United Kingdom, amongst others, we work with them and our traffic passes through them and they forward it on on the second ring of the link and they operate at cost.

Q. Why do the Americans have theirs at San Francisco?—A. They put them there quite obviously because they are able to get better service that way and that is what we will aim at. We have only just been able to get around to developing an expansion program to take care of these anomalies.

Q. I would think Vancouver should become a world city in respect to communications. It certainly is with respect to sea trade and so forth?—A. I am sure it will.

Q. This would help it then, the establishment of the Pacific radio end. Would it have anything to do with the defence of the country?—A. I think that is logical.

Mr. GREEN: Would your station be on the mainland or on Vancouver Island?

The WITNESS: On the mainland I think.

By Mr. Mott:

Q. With respect to the wireless station at Vancouver have you communication across Canada?—A. No, owing to the aurora borealis.

Mr. RILEY: How long has that station in Newcastle been in operation?

The WITNESS: I do not know. The third item on our expansion program is the question of the removal of the cable station at Halifax. I think without divulging a secret, that one was rather wished upon us from a defence viewpoint.

Mr. CARROLL: What?

The WITNESS: Defence viewpoint.

Mr. GREEN: Now you are doing away with it?

The WITNESS: We shall not do away with it. We shall move to another location. It is perhaps somewhat dangerously situated in case of trouble.

By Hon. Mr. Chevrier:

Q. When you speak of removal do you mean removal from one place to another in Halifax and construction of a new one?—A. Yes. At present our office is located in the centre of the city and in case of trouble it would be moved out about twenty miles from the centre of the city.

By Mr. Browne:

Q. Have you an estimate of the cost of that?—A. Roughly about a quarter of a million dollars.

Q. Do you use ducts to bring in your cables?—A. We would not do it by overhead lines there. We would bring the cables right into the cable office itself and we would have the office sufficiently close to the shoreline that we could bring the cable right in. You will appreciate, of course, that we could not transfer our staff out to Middle Cove, it would be impossible.

The fourth item we have on here is for the provision of direct radio circuits amounting to roughly \$317,000. It is somewhat remote at the present time because we have not yet contacted the foreign countries with whom we would like to set up direct radio circuits but it will include France, Belgium and Holland, Argentina and Brazil, and ultimately we hope Japan and China if the Chinese situation ever comes back.

Q. And Russia?—A. Not likely. But that item, of course, is subject to considerable negotiations on our part before the thing can be developed any more.

Q. Do you build these buildings yourself or call for tenders or do you do it through the Department of Public Works?—A. We call for tenders. In the case of the building at St. John's the contract was awarded to the lowest tender.

Q. It was awarded?—A. Yes.

Q. Who has the contract?—A. A. F. Byers Construction Company Ltd.

By Mr. Murray:

Q. Would the Vancouver station be powerful enough to reach some of the trans-Pacific countries?—A. We will certainly make it so.

Q. Go to China, Siberia and so forth?—A. I would suppose so.

By Mr. Mott:

Q. If your station in British Columbia is strong enough to reach those places and you have one in Halifax strong enough to reach London, why would you not have a trans-Canada communication by radio, 5,000 miles, in case the cable went out or something like that?—A. You are getting me into technical matters on which I am not awfully strong but I believe at the present I am safe in saying it is difficult to direct radio signals with any real continuity of service across the continent. We are so close to the North Pole that because of the effect of the aurora borealis we would be liable to be blotted out most of the time. If it is ever possible to afford to put in a micro-wave system across the country, then that would be the answer. Micro-wave is, of course, a comparatively new development which is very costly to operate and you have to have relay points about every 100 miles.

Q. My friend said in the past that station was built from Halifax to Newcastle. I understand at that time the shortwave station was built for service across Canada.

By Mr. Murray:

Q. The aurora interferes with the telegraph, does it not?—A. It does very substantially but it does not usually put telegraph circuits out of operation. It is inclined to, shall we say, introduce a mutilation factor to some degree but usually they are able to work even under severe conditions. But radio circuits particularly running East and west are liable to be blotted out completely and I am afraid that Montreal-Vancouver is almost due east and west.

Q. On the ocean, over the water, I suppose you would have better reception?—A. The condition is pretty much the same. Periodically you will get a complete blackout not only over circuits running East to West but on circuits running North to South and under those conditions of course we rely entirely upon the cable services.

By Mr. Browne:

Q. Is that the end of the expansion program you have in mind?—A. No. The end is the expansion of the Drummondville and Yamachiche stations and I think you will appreciate that we have to make extensions on the transmitting and receiving stations also to provide the necessary equipment to do the job and the estimate there is a matter of \$484,000.

Q. That is three million dollars altogether?—A. Yes, roughly speaking three million dollars.

Q. Are you going to ask for a supplementary?

Hon. Mr. CHEVRIER: This is now approved in a different fashion. The capital budget is submitted to the Governor in Council. Under a section of the Financial Administration Act this is approved and I think that is tabled in the House.

Mr. BROWNE: Do you not have to submit an annual budget for the corporation?

Hon. Mr. CHEVRIER: Yes, I submit that to the Governor in Council. It must have the concurrence of the Minister of Finance and then it is approved by the Treasury Board.

Mr. BROWNE: It is submitted to parliament under section 80.

Hon. Mr. CHEVRIER: Yes.

Mr. BROWNE: Are you going to do that this session?

Hon. Mr. CHEVRIER: Yes. There is some reference to the tabling of certain documents in the Financial Administration Act, and I assume everything should be done on one tabling.

By Mr. Green:

Q. Where is the money to come from to pay for these developments? The original Act provided \$4 million and how much of that is available now?—A. Roughly speaking \$1,100,000 is still available.

Q. And you have had some profits as a result of your operation?—A. I am afraid those are gone.

Hon. Mr. CHEVRIER: Those have been turned in. I would think the operation of this would be pretty much the same as the operation of other Crown companies. These items will not appear in any estimates of the Department of Transport that I will be dealing with later on this session, but they will appear in the budget of the Crown company and will be approved of by Finance and tabled in the House and money voted in the same manner as moneys of other Crown companies required for capital development.

Mr. GREEN: In the case of the C.N.R. there is a bill.

Hon. Mr. CHEVRIER: Yes, that is provided for in the Act. There will not be a bill in each case; but of course the amounts are not nearly as large as in the case of the Canadian National Railways.

Mr. GREEN: Will it appear in the estimates?

Hon. Mr. CHEVRIER: It will not appear in my estimates; it will appear in the budget which will be tabled by myself in the House.

Mr. GREEN: Is that budget ever approved by the House?

Hon. Mr. CHEVRIER: No; but that is the budget we will refer to this committee today if the committee feel like going into it, and that is my personal function; the president of the corporation should deal with these capital expenditures so that the committee would know what they will be.

Mr. GREEN: Surely there must be some way of obtaining parliamentary approval of advances to these Crown companies.

Hon. Mr. CHEVRIER: The method was set out in the Financial Administration Act, in the Canadian Overseas Telecommunication Act, which provided for the tabling of these various matters. Section 23 of the Act, subsection 3 states:

An annual capital budget and an annual operating budget of the corporation shall be submitted by the board to the minister for his consideration and approval and thereafter shall be submitted to parliament.

Now, that has been done on two occasions by myself. From now on the manner will be as set out in the Financial Administration Act. I do not know that I can give you the section.

Mr. GREEN: Section 23, subsection 3 states:

. . . shall be submitted by the board to the minister for his consideration and approval and thereafter shall be submitted to parliament.

Now, does that not mean that parliament must approve of it in some way or other?

Mr. BROWNE: That has been repealed.

Hon. Mr. CHEVRIER: I know it has been repealed, but our interpretation—

Mr. WHITESIDE: Does it not appear in the estimates as a separate matter?

Hon. Mr. CHEVRIER: My interpretation is that it appears in parliament; it does not appear as a separate item.

Mr. WHITESIDE: Not as a private corporation?

Hon. Mr. CHEVRIER: Yes.

Mr. GREEN: Apparently it is not in any estimate. At the back of the estimates there are items with regard to loans, for example, for National Harbours.

Hon. Mr. CHEVRIER: There was no purpose in doing that Mr. Green because there was an Act, which is the Canadian Overseas Telecommunication Act, authorizing the expenditure of \$4½ million that was approved by parliament for a certain purpose. The first report tabled in the House indicated to what extent portions of this money had been spent. The second report indicated how much more had been spent, today we have a statement that there is \$1 million left in the treasury, together with an expansion program amounting to, roughly speaking, \$3 million. Well, now I suppose when the company is ready to table its annual report, the next report 1953, I should table it, setting out what has been done with these moneys, and also indicating the approval of the minister. I would take it there would probably have to be—I have not gone into too thoroughly—some entry in my estimates and if not in my estimates in loans and investments in the estimates of the Minister of Finance covering amounts not already accounted for.

Mr. GREEN: Am I summing up the situation correctly when I say there is a certain balance of about \$1 million which has been duly approved by parliament when the original Act was passed.

Hon. Mr. CHEVRIER: Well, unexpended.

Mr. GREEN: And that amount is still unexpended.

Hon. Mr. CHEVRIER: And still in the hands of the treasury.

Mr. GREEN: And of course can be spent without any further authority from parliament.

Hon. Mr. CHEVRIER: That is right.

Mr. GREEN: And in addition the corporation now proposes to spend \$2 million for which there has been no authorization by parliament.

Hon. Mr. CHEVRIER: That is right.

Mr. GREEN: It seems to me there should be some way in which parliament would authorize that expenditure.

Hon. Mr. CHEVRIER: Of course; and that way I would think would be following the tabling of the annual report, either included in the loans or estimates such as in the National Harbour Boards are or a separate item in the Department of Transport estimates or both.

Mr. GREEN: If the corporation proposes during the coming financial year to spend more than \$1 million which they have left of the amount provided for in the original Act surely there should be some item in the estimates for 1953-54 rather than it should be approved after it has been spent.

Hon. Mr. CHEVRIER: That is the point I am telling you. It should be either in the loans or investments under the finance or in transport under C.O.T.C.

Mr. GREEN: But would it be in the 1953 estimates or the 1954-55 estimates?

Hon. Mr. CHEVRIER: It would be in the 1953-54 estimates—supplementary estimates.

Mr. GREEN: But is it clear parliament would have to authorize that additional capital before it could be spent?

Hon. Mr. CHEVRIER: I do not think there is any doubt about it. I do not think they can spend money without authorization.

The WITNESS: We would not be spending beyond that \$1 million this year. We have certain reserves in hand which provide for items to be taken if we need them, and it is certain we shall not be calling upon that in this expansion program which you will see is a matter going over four or five years.

Hon. Mr. CHEVRIER: In that case the point raised by Mr. Green would not arise in the 1954-55 estimates. You would have provision in that estimate over and above the \$1 million authorized in that year.

The WITNESS: If it were necessary, Mr. Minister.

Mr. GREEN: This is a very important case. This is only one of many crown companies and I was surprised a crown company could get capital to spend without having the proper approval of parliament, but apparently that is not the case.

Hon. Mr. CHEVRIER: No it is not.

By Mr. Browne:

Q. How much have you in that reserve?—A. We have in reserve at the moment about roughly speaking \$550,000.

Q. It was \$550,000 in this past year. There was \$365,000 last year in your report?—A. That is items reserved—depreciation \$408,890 and provision for obsolescence \$140,490. That is at September 30, of last year.

Q. What was the profit for 1951?—A. I think \$195,000. I should know that off by heart.

Hon. Mr. CHEVRIER: \$195,000. I remember it because I have been used to deficiencies as a rule. It is nice to know there is a surplus.

The WITNESS: \$195,000.

Mr. BROWNE: That is 1951-52.

The WITNESS: 1952. We have not got—

By Mr. Browne:

Q. But what about the estimate, because there will be an increase in reserves?—A. After providing for income tax the profit or surplus this year (1952) should amount to about \$120,000 but there is a disturbing—not particularly disturbing—but there is a feature which may cost us some money and on this one is not able to say anything at the present time because it is under study, but in taking over the staff of the English company we were obliged to take over their pension fund as well and the obligations that went therewith and we have had an actuary studying the position for us in the last few weeks. He suggests we ear-mark \$82,000 this year to meet that. If that proves to be the case the profit for the year 1952 after income tax will be reduced to about \$40,000. Our provision for income tax, our estimated provision, is roughly speaking \$95,000 which of course we did not have to pay last year and interest on government loans is \$101,263.

Q. You pay that too?—A. Oh yes, we pay everything.

Mr. GREEN: I notice you are changing section 23 of the Act. As it stood originally it provides for an annual capital budget and an annual operating budget which has to be submitted to the minister and approved and then submitted to parliament. Well, the new section calls only for an operating budget, with no mention there of a capital budget and it only has to be submitted to the minister—there is no provision for submitting to parliament.

Hon. Mr. CHEVRIER: I think that is a form that applies to all crown corporations. You are referring now to Section 85—1, 2, 3 and 4.

Mr. BROWNE: He is looking at the C.O.T.C. Act.

Hon. Mr. CHEVRIER: But look at Section 23 of the C.O.T.C. which is being repealed because of what is now in Section 85, 1, 2, 3 and 4 of the Financial Administration Act which, I take it, applies to all crown companies of the class of C.O.T.C. and which—perhaps I might as well read it:—

(2) Subject to such directions as to form as the Minister of Finance and the appropriate minister may jointly give, a corporation shall prepare in respect of each financial year statements of accounts which shall include

(a) a balance sheet, a statement of income and expense and a statement of surplus, containing such information as, in the case of a company incorporated under The Companies Act, 1934, is required to be laid before the company by the directors at an annual meeting, and

(b) such other information in respect of the financial affairs of the corporation as the appropriate minister or the Minister of Finance may require.

(3) A corporation shall, as soon as possible, but within three months after the termination of each financial year submit an annual report to the appropriate minister in such form as he may prescribe, which shall include the statements of accounts specified in subsection two, and the appropriate minister shall lay the report before parliament within fifteen days after he receives it or, if parliament is not then in session, within fifteen days after the commencement of the next ensuing session thereof.

(4) A corporation shall make to the appropriate minister such reports of its financial affairs as he requires.

I think its clauses are sufficiently protective.

Mr. BROWNE: Section 82 subsections 2 and 4 are the same thing.

Mr. GREEN: Why has the provision for a capital budget been taken out of Section 23? Under the present Act you are required to submit an annual capital budget and an annual operating budget. In the new section there is only a provision for an operating budget.

Hon. Mr. CHEVRIER: Section 80 subsection 2 covers that. It covers the requirement of the capital budget. The minister shall lay annually before parliament a capital budget for each financial year.

The CHAIRMAN: Any other questions?

Mr. CARROLL: There is just one question I was going to ask. Will the C.B.C. have some control over your radio station such as that in Vancouver as they have over private radio stations now?

The WITNESS: The C.B.C. has no control over our radio stations at all.

Mr. CARROLL: Perhaps they have no control over private stations but they have certain regulations that are applicable to private stations.

The WITNESS: The C.B.C. has no jurisdiction to the best of my knowledge and belief over telegraph and telephone communications whatsoever. Certainly they have not jurisdiction over us.

Mr. CARROLL: I was talking about radio stations.

The WITNESS: Just for telegraphic or telephone purposes not for broadcasts.

Mr. MURRAY: It would not be available for broadcast messages over C.B.C.?

Hon. Mr. CHEVRIER: I understand the C.B.C. has jurisdiction over broadcasting and television stations but that is for their own purposes.

The WITNESS: I think one might answer that this way by saying that if the occasion arose and the C.O.T.C. had a circuit with a country over which the C.B.C. wanted to broadcast we could perhaps give them the channel to do it but I do not know. It is a possibility anyway.

Mr. MURRAY: They would put their own stations up anyway for overseas broadcasts I presume?

The WITNESS: They have facilities for picking up broadcasts from practically anywhere so I think it is unlikely we would be drawn in.

Mr. GREEN: You are not going into television?

The WITNESS: No.

Hon. Mr. CHEVRIER: He has enough trouble now.

By Mr. Browne:

Q. I want to know what part your corporation plays in telephone communication between St. John's and Montreal?—A. We provide a radio link between St. John's and Montreal or Drummondville and Yamachichie.

Q. That is the whole thing. If you radio from St. John's to Montreal then the person in Montreal is speaking to St. John's—will he owe you almost the whole toll?—A. I wish that were true.

Q. What percentage of \$4.50 payable from St. John's to Montreal would come to the C.O.T.C.?—A. I am afraid I have not got that with me Mr. Browne. I can tell you this from my memory. There are certain fixed charges which telephone companies apply at each end and we provide a link, as I told you, between St. John's and the receiving station at Yamachichie and from there the telephone companies take over. Our transmission station is at Drummondville. We take over from Drummondville and transmit to St. John's. Functions in St. John's are carried out on our behalf—although we provide the equipment—by the Avalon Telephone Company and at this end we give service to the Bell Telephone Company at Yamachichie and the portions of each toll recently reduced were largely borne by the corporation.

Q. That is why I asked how much the corporation gets of the money. Does not the corporation get the bulk collected?—A. We would get the bulk of it because we are providing the bulk of the service.

Q. Of course, I mean exclusively in St. John's and Montreal. Did you find any increase in the business from reduced rates which you were able to give? Have you the figures as to the effect of the reduction.—A. I would say no but I think that the introduction of the short circuit between Port aux Basques and Sydney, there are two channels across there I understand, we have not received the December figures from the clearing house which has the Maritime Telegraph and Telephone business and so I have not seen the December figures. They are not available, but I understand there was quite a very substantial increase in the volume of telephone calls between St. John's or between Newfoundland and the Maritime provinces, and that is what we expected. We reduced rates from \$7.20 to something over a \$1 at the shortest haul.

Q. No, \$2.50.—A. Between Port aux Basques and Sydney?

Q. No \$2.50.

Mr. MURRAY: Rather good.

Hon. Mr. CHEVRIER: It is, but Mr. Browne thinks it is not good enough.

By Mr. Browne:

Q. You could talk an hour to New York for the same price as from here to St. John's for three minutes.—A. I am surprised to hear you tell me that Port aux Basques to Sydney is \$2.50. You may be right. I would stand to be corrected, because I do not have the schedule of all these rates with me. I do not think any one of us has it. From Corner Brook to Moncton is a matter of 379 air line miles and the toll is only \$2.65.

Q. Maybe I am wrong but the Minister did not seem to give anything about that figure of \$2.65 I don't think.

Hon. Mr. CHEVRIER: When I referred to the rates in the House I did not remember.

Mr. BROWNE: He did not give us information of anything lower—any shorter distance.

The WITNESS: I think these figures were perhaps given as percentages. The telephone charges are of course based on an air line telephone-mileage system.

By Mr. Browne:

Q. In the maritimes only?—A. No, on the whole system.

Hon. Mr. CHEVRIER: May I interrupt to deal with your question. I have got the statement I made in the House and I did read the amounts and the amount between Port aux Basques and Sydney is \$1.20.

Mr. BROWNE: I do not remember your reading that.

Hon. Mr. CHEVRIER: This is a copy of what I read.

Mr. MURRAY: What was it—\$7 before?

Hon. Mr. CHEVRIER: \$7.20.

Mr. BROWNE: The rate between St. John's and Montreal and St. John's and Winnipeg are the same. Why is that?

The WITNESS: As regards the rest of the continent other than the maritime provinces I think you will remember that the service is by radio from St. John's to Montreal and after that has been applied on a province rate range in each case in order to eliminate a tremendous schedule of little bits and pieces in the rate which would apply if you put in a mileage basis in each case. Weight was given to the likely origin of the bulk of calls between any one particular province and Newfoundland and on that basis the rates were established, also giving consideration to the distances involved from Montreal. The Quebec rate for instance was reduced from \$7.20 to \$4.50; Ontario was only reduced from \$7.50 to \$6; Manitoba came from \$9 to \$6 and British Columbia from \$12 to \$9. There are tremendous land line hauls involved in the case of these western provinces and until such time as we persuade the land line companies to take a little further reduction on that I am sure it is the intention of everybody including ourselves at the first opportunity—the first reasonable opportunity—to consider further reductions in rates, but we took a very big step there to start and we would like to see where we are going before we do any more.

Mr. BROWNE: I must apologize to the minister for what I said. I did not have any recollection of the \$1.20 figure. But here is the position I put to the minister. The telephone companies generally give reduced rates after six o'clock in the evening and on Sundays. Why does not the C.O.T.C. consider that.

The WITNESS: Mr. Browne the information I have is to the effect that there is no such service available in Newfoundland and on the domestic telephone service there. The telephone companies have told me that that is not so. The C.O.T.C. would be very glad to reduce rates at night time and we would like to see our circuits operating at night time. We keep them working as it is 24 hours a day and for most of the time. Although the transmitter and the receivers are on the air, there is practically nothing coming through. We would welcome it. But I have been informed by the telephone companies that that is the condition in St. John's and in Newfoundland itself.

By Mr. Carter:

Q. Was it due to the policy of the Avalon Telephone Company?—A. I do not know.

Q. What other reasons would there be?—A. That is all I can think of.

Hon. Mr. CHEVRIER: That policy is due to local determination.

The WITNESS: I think so.

Mr. BROWNE: That would exist, but I do remember they did have reduced rates for Sunday and for night time, but that does not apply to the maritimes or any part of the telephone company.

The WITNESS: I think service is in everywhere else and we would, personally speaking, the C.O.T.C. would be delighted to see circuits working to capacity even at the reduced rates because it would be all additional grist to the mill.

By Mr. Carter:

Q. Would you say whether the Avalon Telephone Company was operating on a provincial or federal franchise?—A. I am not sure.

By Mr. Browne:

Q. Is that the obstacle to having reduced rates after 6 p.m. and on Sundays in Newfoundland?—A. It would be impossible to institute services if everybody does not have it.

The CHAIRMAN: Shall clause 1 carry?

Carried.

Clause 2?

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Clause 5?

Carried.

Clause 6?

Carried.

Clause 7?

Carried.

Clause 8?

Carried.

Clause 9?

Carried.

Clause 10?

Carried.

Clause 11?

Carried.

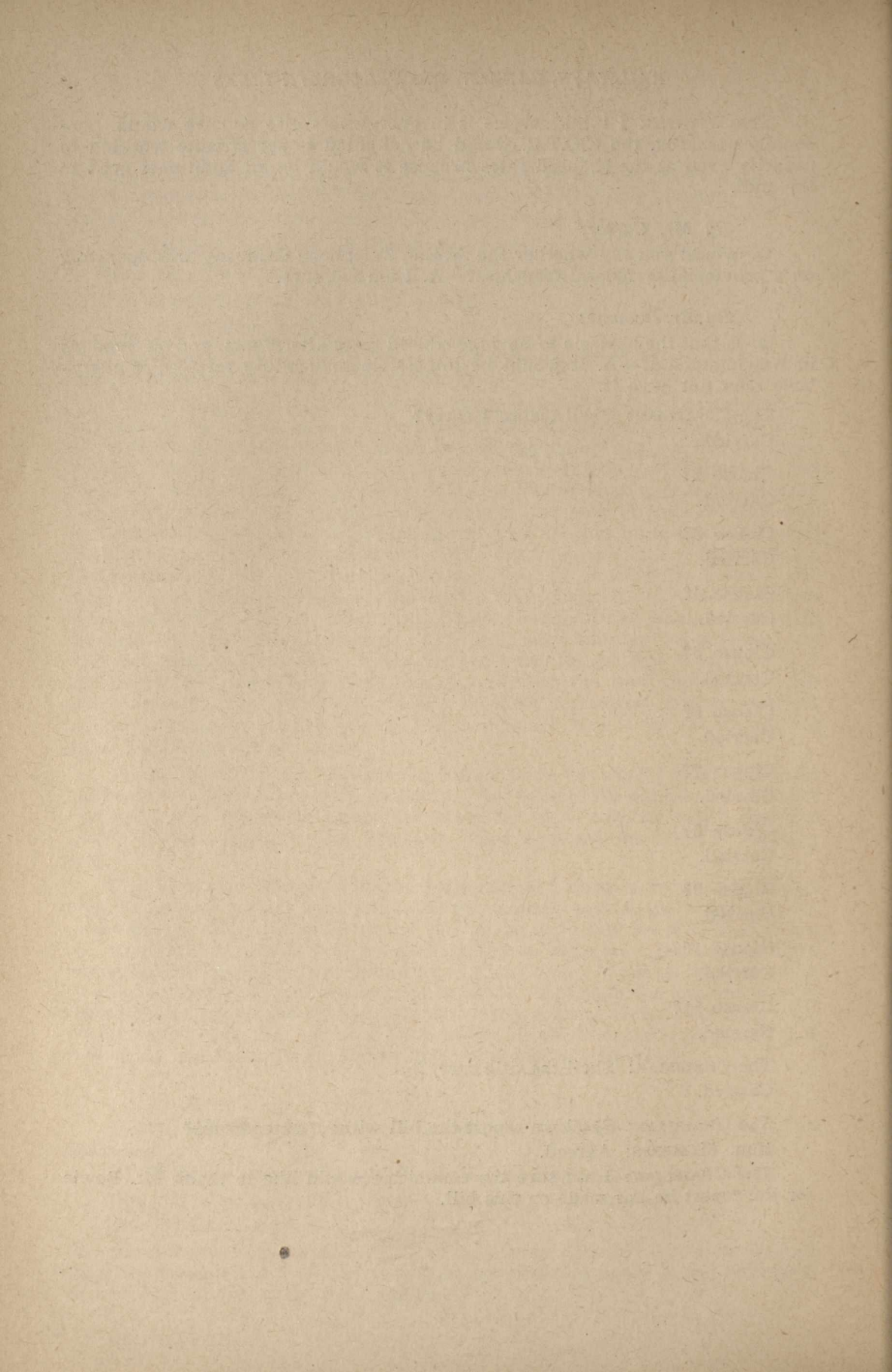
The CHAIRMAN: Shall the title carry?

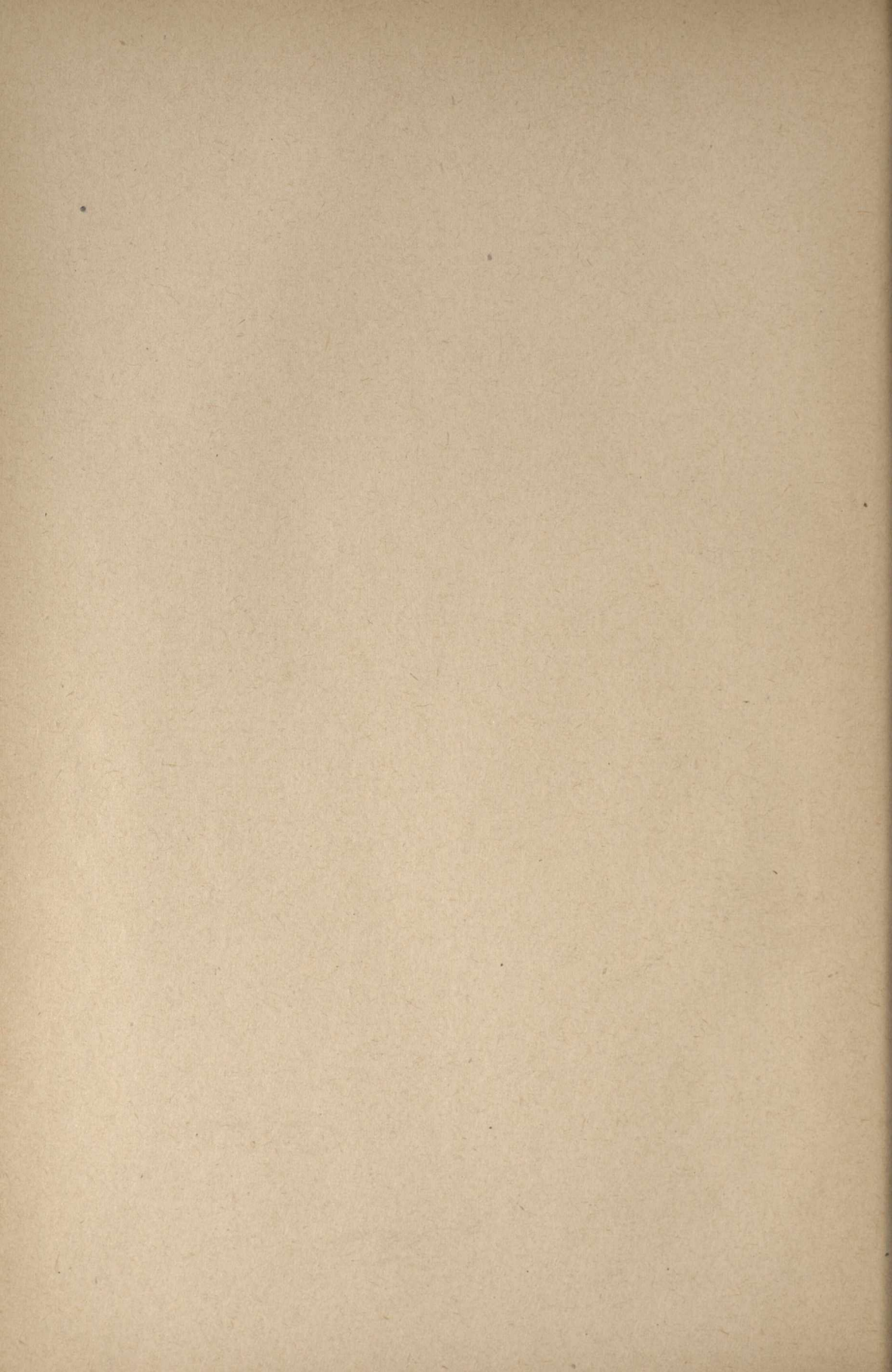
Carried.

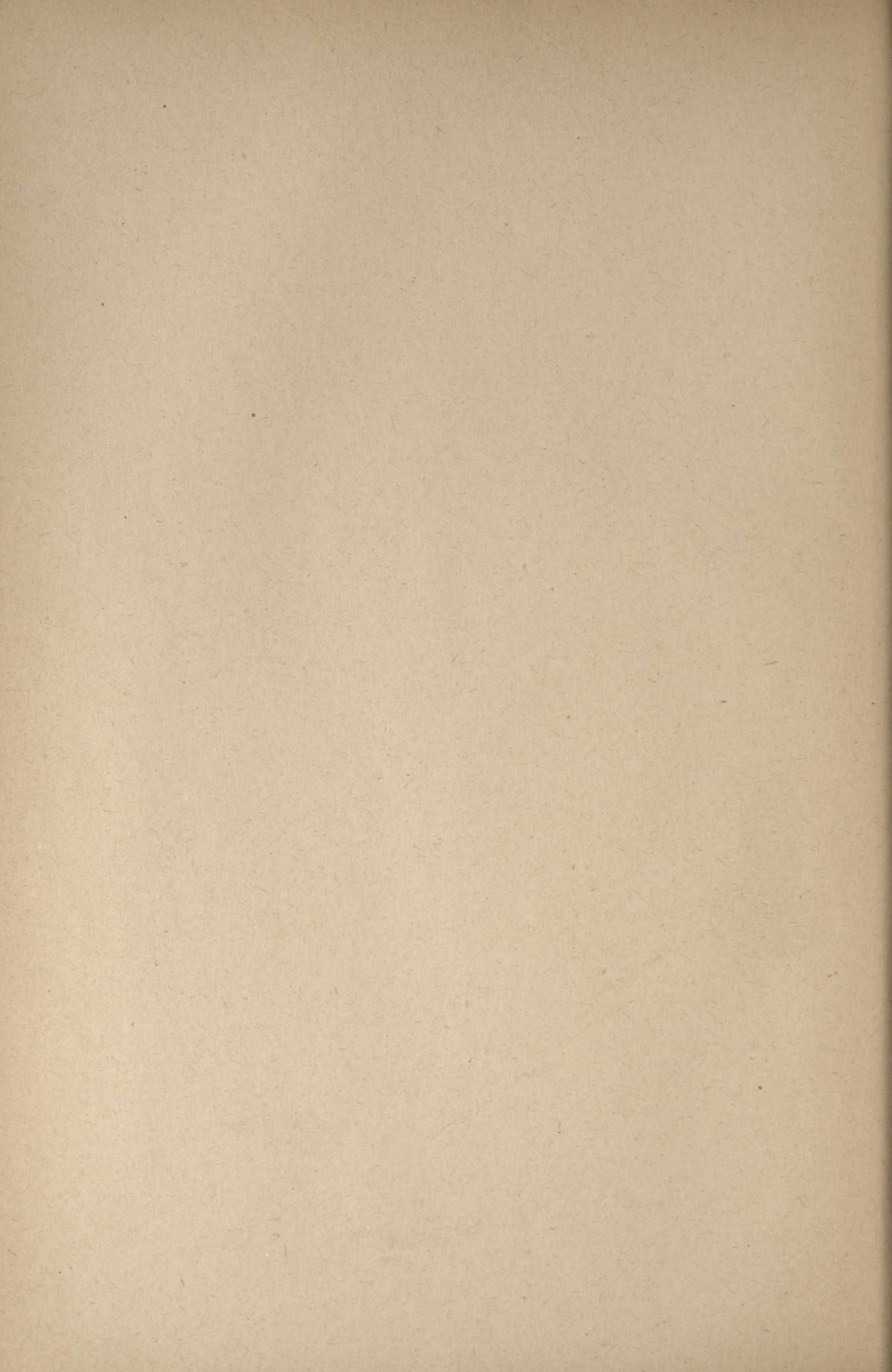
The CHAIRMAN: Shall we report the bill without amendment?

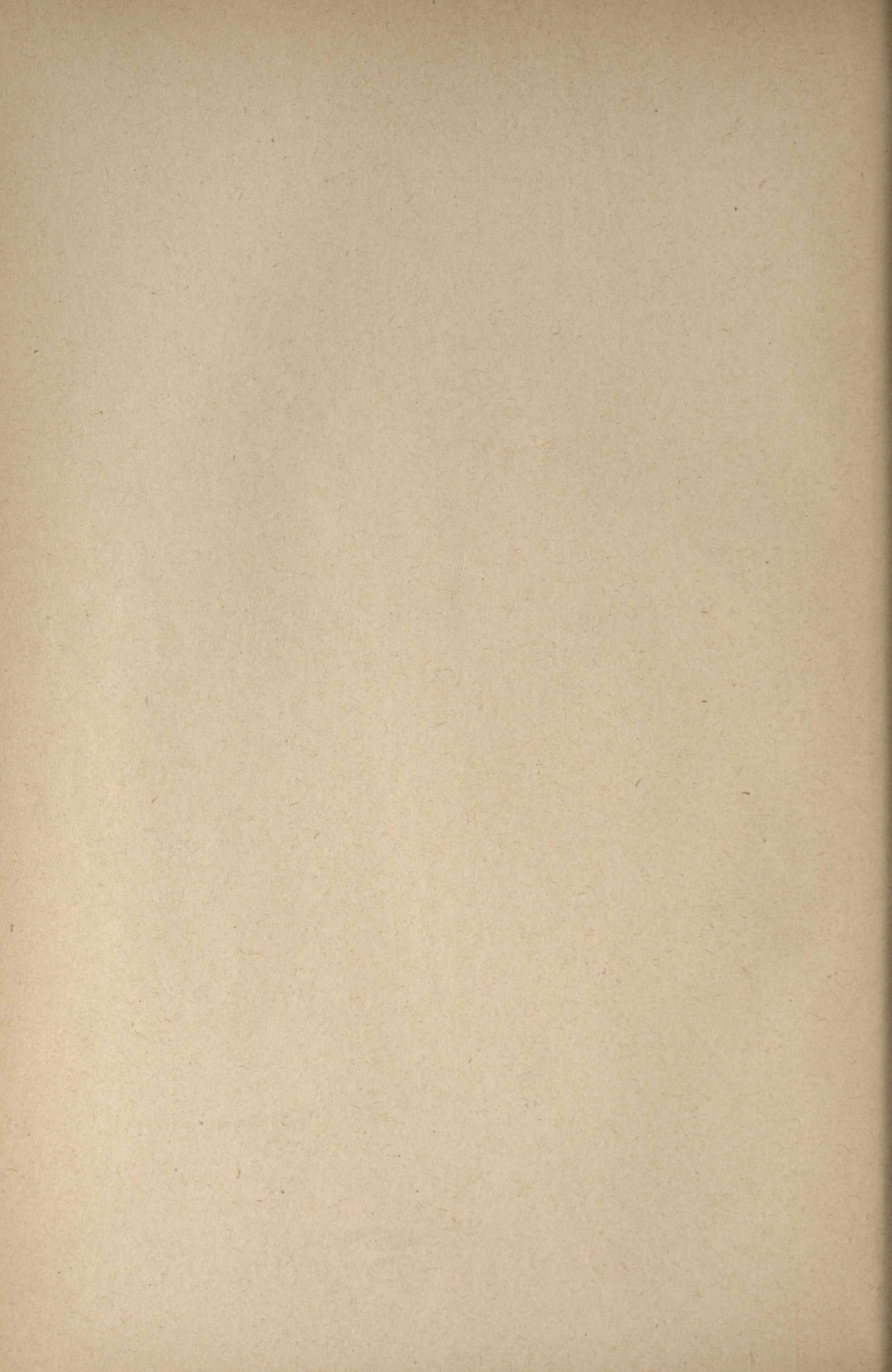
Hon. MEMBERS: Agreed.

The CHAIRMAN: I am sure the committee would like to thank Mr. Bowie for the report he has made on this bill.









HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

STANDING COMMITTEE

ON

**RAILWAYS, CANALS AND
TELEGRAPH LINES**

Chairman—H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Bill No. 189 (Letter D-5 of the Senate), An Act to incorporate Mid-Continent Pipelines Limited.

FRIDAY, MARCH 27, 1953

WITNESSES:

Mr. D. K. MacTavish, Q.C., Parliamentary Agent; Mr. G. M. Wilton, Solicitor; Mr. D. Anderson, of the Fish Engineering Corporation, and Mr. D. Newton, Manager of Dominion Securities Corporation Limited, Ottawa.

STANDING COMMITTEE

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

Vice-Chairman: H. P. Cavers, Esq.

Applewhaite,	Follwell,	Murphy,
Beaudry,	Fulton,	Murray (<i>Cariboo</i>),
Bertrand,	Garland,	Mutch,
Beyerstein,	Gillis,	Nickle,
Bonnier,	Gourd (<i>Chapleau</i>),	Nixon,
Bourget,	Green,	Noseworthy,
Browne (<i>St. John's West</i>),	Harkness,	Pouliot,
Cannon,	Harrison,	Richard (<i>Saint Maurice-</i> <i>Lafleche</i>),
Carroll,	Healy,	Riley,
Carter,	Herridge,	Robinson,
Casselman,	Hodgson,	Rooney,
Cauchon,	James,	Ross (<i>Hamilton East</i>),
Cavers,	Lafontaine,	Shaw,
Chevrier,	Low,	Spence,
Churchill,	Macdonald (<i>Edmonton</i> <i>East</i>),	Stuart (<i>Charlotte</i>),
Clark,	MacNaught,	Thatcher,
Conacher,	McCulloch,	Weaver,
Darroch,	McGregor,	Whiteside,
Dewar,	McIvor,	Whitman,
Eudes,	Mott,	
Ferguson,		

R. J. GRATRIX,
Clerk of the Committee.

ORDER OF REFERENCE

TUESDAY, March 24, 1953.

Ordered,—That the following Bill be referred to the said Committee:
Bill No. 189 (Letter D-5 of the Senate), intituled: “An Act to incorporate Mid-Continent Pipelines Limited”.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

MONDAY, March 30, 1953.

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

SIXTH REPORT

Your Committee has considered Bill No. 189 (Letter D-5 of the Senate), intituled: “An Act to incorporate Mid-Continent Pipelines Limited” and has agreed to report the said Bill with amendments.

A copy of the evidence adduced thereon is appended hereto.

Class 3 of said Bill No. 189 provides for Capital Stock consisting of 5,000,000 shares without nominal or par value. Your Committee recommends that, for taxing purposes, under Standing Order 93(3), each share be deemed to be worth \$7.00.

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, March 27, 1953.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock p.m. this day. Mr. H. B. McCulloch, Chairman, presided.

Members present: Messrs. Applewhaite, Bonnier, Browne (*St. John's West*), Carroll, Carter, Churchill, Dewar, Follwell, Garland, Green, Harrison, Herridge, Hodgson, Lafontaine, Macdonald (*Edmonton East*), Mott, Murphy, Mutch, Nickle, Noseworthy, Pouliot, Riley, Stuart (*Charlotte*), Whiteside.

In attendance: Mr. F. Larson, M.P., Sponsor; Mr. D. K. MacTavish, Q.C., of Ottawa, Parliamentary Agent; Mr. G. M. Wilton, of Toronto, Solicitor; Mr. D. Anderson, of Houston, Texas, and Mr. D. Newton, of Ottawa, Manager of Dominion Securities Corporation Ltd., all appearing on behalf of the Petitioners.

The Committee commenced consideration of Bill No. 189, (Letter D-5 of the Senate), intituled: "An Act to incorporate Mid-Continent Pipelines Limited".

The Preamble was called.

Messrs. MacTavish, Wilton, Anderson and Newton were severally called and examined regarding the project contemplated in the said Bill.

The Preamble and Clauses 1 and 2 were severally considered and adopted.

On Clause 3:

On motion of Mr. Whiteside:

Resolved,—That, for the purpose of levying a charge on the capital stock, which will have no par value, the Committee recommend that each share be deemed to be worth seven dollars (\$7.00).

Clauses 3, 4 and 5 were severally considered and adopted.

On Clause 6:

Mr. Green moved:

"That sub-clause (a) of Clause 6 of this Bill be amended by deleting the words *or outside* in line 14; by deleting the words *and/or international* in line 19; by deleting the words *the main and line or* in like 26, and by inserting after the word "that" in line 26 thereof the word *all*".

After discussion, and the question having been put, the said motion was agreed to.

Clause 6 as amended, Clauses 7 to 11 inclusive and the Title were severally considered and adopted.

The Bill, as amended, was adopted and the Chairman ordered to report the same to the House.

On motion of Mr. Follwell:

Ordered,—That the Committee print 750 copies in English and 250 copies in French of this day's Minutes of Proceedings and Evidence.

At 1.10 o'clock p.m. the Committee adjourned to meet again at 11.00 o'clock a.m., Monday, March 30, 1953.

R. J. GRATRIX,
Clerk of the Committee.

EVIDENCE

MARCH 27, 1953.

The CHAIRMAN: Order, gentlemen. I will call the preamble of Bill D-5 of the Senate, No. 189 of the House of Commons, an Act to incorporate Mid-Continent Pipelines Limited. I shall call the preamble and we will hear from Mr. D. K. MacTavish as our first witness.

Mr. D. K. MACTAVISH: Mr. Chairman and gentlemen. I appear this morning on behalf of the incorporators of Mid-Continent Pipelines Limited, whose bill is before this committee. This bill, gentlemen, is drafted in accordance with the general pipelines legislation and, as you know, passed the Senate and has been in the House of Commons. Now, the bill is similar in form to other bills that have been passed by this committee, and I think it is very important in your consideration of the bill to bear in mind that it purports to do nothing but give certain capacity to the company, Mid-Continent Pipelines Limited, to do the things that are set out in the bill, mainly to transmit gas. Before the company can even start to lay a pipeline, it must get authority from the Board of Transport Commissioners under the general pipelines legislation. It must also, as you gentlemen well know, get authority from the province or provinces where it will find its raw product, for the carriage of that product to its destination, so that I underline and emphasize the fact that this committee's responsibility is, in my opinion, if I may put it this way, limited to the capacities that are suggested to be granted by the Act. I mention that because it is obviously impossible at this stage of the development of any company to have available projected and forecast figures in detail that would be available and that we would if we were appearing before the Board of Transport Commissioners, which body, as you gentlemen well know, has a section devoted to economic research with experts to check the sort of evidence that we would adduce in respect of an application before that body. So that really is the position the company takes. I think it unnecessary to go through the bill section by section. As I say, it is in the form provided for by the general Act and similar in form to the other bills that have been passed. Now, we have here in terms of evidence Mr. Wilton of Toronto, who is the solicitor for the group mentioned in the bill. We have also Mr. Anderson, an expert in respect of gas and transmission of gas and oil, and finally we have Mr. Newton, Dominion Securities Ottawa representative, who will be able to deal with any questions as to the financing of the project which has been provided for in a projected manner. Now, I think, Mr. Chairman and gentlemen, that is all I ask leave to say in opening. I shall be glad to answer any questions I can, and any I cannot, I will—if I may—submit them to the gentlemen that are with me.

Mr. GREEN: Mr. MacTavish, the applicants for this charter are all shown as residents of Saskatchewan, and they are the same persons who made application last year for incorporation of a company under the name of Boundary Pipeline Corporation, are they not?

Mr. MACTAVISH: That is correct.

Mr. GREEN: Will you tell me who are the other people interested in this corporation?

Mr. MACTAVISH: Yes, Mr. Green, I can get that for you immediately. Mr. Wilton has that information. I have not got it. I think we put it on the record in Boundary Pipeline and I am instructed they are the same.

Mr. GREEN: Will you get it again, because we want it on the record.

Mr. MACTAVISH: I shall see that it goes on the record.

Mr. GREEN: Can you get it from Mr. Wilton now?

Mr. MACTAVISH: Yes, I will be glad to. Will you give that information, Mr. Wilton, please.

Mr. Glen Wilton, Solicitor, Mid-Continent Pipelines Limited, called:

The WITNESS: The other persons interested, Mr. Green, are Gordon Smith and John A. MacAulay of Winnipeg.

By Mr. Green:

Q. Can you tell us who they are?—A. Mr. Gordon Smith is an executive. He is the vice chairman, I believe, of the Board of Governors of the University of Manitoba; he is in the oil and gas business now with Bailey Selburn, and he was at one time, I think, with the Reliance Grain Company. I think his father, Sydney Smith, was founder of that company. Mr. John MacAulay is a lawyer in Winnipeg with Akins, MacAulay & Company. He is a director of the Bank of Montreal. He was chairman of the Red Cross conference held in Toronto last August. He is also a vice president of Safeway Stores.

There are 11 persons interested, living in Toronto: R. A. Armstrong is a chartered accountant; W. J. Ayers is a chartered accountant; T. Beatty is an investment dealer; W. E. N. Bell is an insurance agent; J. W. Bowes is a manufacturer's agent; C. F. W. Burns is an investment dealer; J. D. Gibson is an economist; W. J. Hogg is a chartered accountant; G. M. MacLachlan is an executive with a milling company; G. M. Thompson is a manufacturer's agent; G. M. Wilton is a solicitor. That represents 18 persons—five in Regina, two in Winnipeg and 11 in Toronto.

Q. Can you tell us who else is interested in this application?—A. I beg your pardon?

Q. Can you tell us who else is interested in this application?—A. That is all, Mr. Green.

Q. Mr. Wilton, when this bill received second reading in the Senate, the sponsor, the Hon. Thomas Wood, made a speech to be found at page 248 of *Hansard* of the Senate, and he said as follows:

In addition to the men named in the petition, others interested in the company will be: Mr. John MacAulay, Q.C., barrister, Winnipeg; Mr. Gordon Smith, Winnipeg, who is prominent in the grain and oil business of western Canada; Mr. Charles F. Burns, financier, Toronto; Dominion Securities of Canada, Toronto; Kidder Peabody & Company, investment bankers, New York; White Weld & Company, investment bankers, New York; and Fish Engineering Company, Houston, Texas, who will be in charge of technical development.

Now you have not mentioned any of these firms. What about them?—A. Those people have not advanced any money towards the cost of engineering or incorporating the company or anything else we have done to date. We have three financial firms which are mentioned interested in the project, and if the group which I have described and enumerated succeed in getting a charter and various other things together, we expect that eventually these investment houses will come to our assistance and raise a substantial sum of money—something in the neighbourhood of \$285 million, I believe, will be required to build the gas system in Alberta and build the pipeline across Canada to our market. At the present time the Fish Engineering Company are engaged by us in making some studies. A representative of that company and a representative of

Dominion Securities are here today and will testify. It may be that some clarification is required with regard to the statement you read there. They are interested in so far as they have indicated they will be associated with us, but I have only read here this morning the list of the people who are actively financially interested and who are advancing money as of this time.

Q. Would I be unfair in saying these corporations also are very much interested, would be very heavily involved if your project went ahead?—A. I think they would be very interested.

Q. I beg your pardon?—A. They would be interested, yes, in this way, that we have no commitments with any of these companies at this time so far as stock participation is concerned. We are not even committed definitely and finally so far as the financing is concerned. If at the time we get ready to bring out a public issue, and when we are ready to ask for \$285 million, if we cannot treat satisfactorily as we see it with Kidder Peabody or White Weld or Dominion Securities, we have as yet made no commitments which will require us to deal with them. They are friendly with us, they have sent a representative here to testify, they associate themselves with us in every way, and we do have a certain duty, a certain obligation to them, because they are assisting us during the period when we are trying to get organized, but we are not committed.

Q. You said that the financing to date has been done by the 18 individuals you have mentioned?—A. That is right, sir.

Q. How much money has been spent?—A. I should think as of this day I would be safe in saying that money actually expended and debts incurred would be in the neighbourhood of \$50,000.

Q. \$50,000?—A. Correct.

Q. And how much of that has been spent on engineering studies?—A. The engineering bills have not yet been submitted, but I think that I would not be too far out in saying that approximately 50 per cent of that would be for engineering.

Q. Fifty per cent?—A. That is correct, sir.

Q. Would I be fair in saying that the other \$25,000 has been spent in promotion and legal expenses?—A. I might say, Mr. Green, that the group that are now associated with Mid-Continent Pipelines Limited started to organize with the hope of exporting gas to the east on March 3, 1949, so we have been interested in this for quite a long time.

We incorporated the Saskatchewan Company to begin with, and then this same group as you have mentioned endeavoured at the last session of parliament to obtain a charter which would enable them to take natural gas from Alberta as far as Winnipeg. When I speak of \$25,000 for engineering, and \$25,000 as other expenses, I am including everything that has been spent since March 3, 1949.

Q. Including what was spent in connection with the Boundary Pipeline application?—A. Yes, sir.

Q. You said that \$25,000 has been paid out for engineering studies?—A. No. It has not been paid out, but I would think that was our obligation.

Q. Do you say that \$50,000 has been paid out?—A. No, sir. That is the total incurred.

Q. Oh. How much has been paid out, then?—A. I would think about half of that.

Q. About \$25,000?—A. That is right, sir.

Q. When the Boundary Pipeline Corporation bill was under discussion in this committee last year I asked Mr. MacTavish how much had been spent. The question will be found at page 11 of the proceedings of the committee.—A. \$25,000 was what we said at that time.

Q. I said this as found at page 11 of the proceedings of this committee on April 4, 1952:

By Mr. Green:

Q. There is one other question I would like to ask you, Mr. MacTavish. How much money has been spent by the applicants to date in connection with this project?—A. I think I can find that out for you immediately. I am instructed that about \$25,000 has been spent.

Is that the same \$25,000 which you say has been the total spent to date?—A. That would be approximately right. I do not know if we should make a distinction between the actual expenditures and the “incurrences”.

Q. I know. I am asking you what has been spent, not what indebtedness has been incurred. I am asking you what has actually been spent. And you say \$25,000, which you had spent a year ago. Is that all that has been spent to date?—A. I think that would be right, sir.

Q. And that is the only money which has been put up by these eighteen people who are making an application for a charter. Is that right?—A. That would be right, sir.

Q. Do any of them have any gas wells?—A. Any which?

Q. Any gas wells?—A. No, they do not. As I told you, sir, these people are a representative group. We became interested in the possibility of taking gas to the east from western Canada early in 1949. Now these people, I may say, are men of modest fortunes and they have become interested in what they consider a very ambitious Canadian enterprise. They have not gone into oil well drilling or the gas business or into gas as a group. They may have holdings in some companies which are engaged in it, but this group, as an individual entity, has not taken leases or endeavoured to develop any gas or any oil.

Q. Does this company have any interest in gas or oil in the west?—A. Not as such, no.

Q. Who performed the engineering services of which you speak?—A. The Fish Engineering Company.

Q. You say the Fish Engineering Company?—A. That is right.

Q. And they have not been paid anything?—A. No.

Mr. GREEN: Might I continue with Mr. MacTavish, Mr. Chairman?

The CHAIRMAN: Certainly. But Mr. Riley has the floor.

Mr. RILEY: Do I understand, Mr. Wilton, that \$25,000 has already been paid in respect to the Boundary Pipeline Corporation?

The WITNESS: That is right.

Mr. GREEN: I think the evidence is that this \$25,000 is the same money or figure which was given to us a year ago, concerning the application of the Boundary Pipeline Corporation.

By Mr. Follwell:

Q. In answer to Mr. Green, you said, Mr. Wilton, that there was none of this group interested in gas or oil wells. But did you not say that one of this group was the Vice-President of Bailey-Selburn. Would he be interested in that?—A. Yes, he would. But as a group we have not subscribed any money. I do not know what the operations of these individuals may be separately and apart from this enterprise. I have some gas and oil stock myself, but we have not contributed anything with the idea of selling gas to Mid-continent Pipelines Limited.

Q. You say that individually they may be interested in certain gas or oil wells?—A. Yes sir.

By Mr. Carroll:

Q. You said that one of the promoters was an insurance agent, did you not?
—A. Yes.

Q. You mentioned an insurance agent as being one of the promoters of this company. Just what part does he play in the insurance business outside of being an agent? Is he a director of any insurance company?—A. The man I mentioned is Mr. W. E. N. Bell. He is an insurance agent in Toronto and he works for the Manufacturers Life Insurance Company. He is a man of about 42 years of age, and he has been one of their leading salesmen for the last 7 or 8 years. He is a member of the board of governors of Ridley College, and he was captain of the Canadian Cricket Team which went over to England in 1936. He is a director of a number of smaller companies, but I cannot say that he is a director of an insurance company.

By Mr. Nickle:

Q. Inasmuch as a connection has been established between Gordon Smith of Toronto and Bailey-Selburn Oil and Gas Company, would you clarify the fact that Bailey-Selburn Oil and Gas Company has no interest itself whatsoever in the Boundary Pipeline Corporation or in the proposition which is now under discussion?—A. I trust I did not give that impression, sir, because it is not correct. There is certainly no connection between that company and Mid-continent Pipelines Limited.

THE CHAIRMAN: You said you wished to speak to Mr. MacTavish, Mr. Green.

MR. GREEN: Yes, thank you Mr. Chairman. And now, Mr. MacTavish, in your statement to the committee you said nothing whatever about where it is proposed to build this pipeline.

MR. MACTAVISH: No sir.

MR. GREEN: Could you not give us some information on that point?

MR. MACTAVISH: Perhaps a general answer would be this: generally speaking, it would be east from the gas fields; generally speaking east. They are not interested in going west at all.

MR. GREEN: That is a pretty wide field. If you just want to build a pipeline anywhere east of somewhere in the west, I should think that we would have to have more detailed information than that.

MR. MACTAVISH: Yes. We would be glad to give that. I did not know whether you wanted the actual route.

MR. GREEN: I want the full details. That is the only thing I am very much interested in.

MR. MACTAVISH: Exactly, Mr. Green. The reason I mentioned the fact in my opening, that this has to go before other boards, and more particularly the Board of Transport Commissioners, was in relation to this: that this project has not developed yet to the point where we can pin point across the area the exact places that the pipeline will be laid. It has not advanced to that point.

MR. RILEY: In order for you to make an application to the Board of Transport Commissioners, you must first of all become incorporated and have a charter.

MR. MACTAVISH: That is correct. And of course, when we get to that stage, the details which have to be produced are most meticulous, to put it mildly. I happen to have been through that myself, and there is a wealth of material including profiles and everything which has to be submitted to that board and scrutinized very carefully by their experts.

MR. GREEN: In fact, Mr. MacTavish, you are taking the position that you do not have to say where you are planning to build your line, that you do not

have to tell this committee of the House of Commons where you are proposing to build your line, and that it will be sufficient for you to tell the Board of Transport Commissioners. Well, if that is the view you have taken, I think it is a pretty challenging position.

Mr. MAC TAVISH: Yes, sir. That would be an arrogant position, and I would not think of taking it at all, because I fully recognize that the House of Commons, and this committee of the House of Commons, is entitled to all the information which it regards as relevant.

But all I can say is that I cannot give information which I have not got. This scheme has not developed to the point where we are in a position to give you the details of where the pipeline will be laid.

Mr. GREEN: Do you mean to say that the people for whom you are appearing are not yet in a position, or have not yet decided where they want to build this pipeline? Do you mean to say that they are asking for a charter to build a pipeline from the west to the east and that is all the information they can give us? You have not even said whether it is to be from Alberta?

Mr. MAC TAVISH: I could not go further than that because, when this identical question came up in respect to the Boundary Pipeline Corporation—I have not got the transcript before me—I think we said that the pipeline would proceed east from Alberta to Winnipeg, and that was so to speak the terminal point at that time. Now that is the intention and it must necessarily be the intention of any of the companies. I suggest we will move eastward from Alberta to seek a wider market than is available from a terminal point such as Winnipeg and therefore it is the intention of this company to seek the markets of eastern Canada.

Mr. GREEN: Now we have it that it is the intention of this group to seek a market in eastern Canada?

Mr. MAC TAVISH: Yes sir.

Mr. GREEN: Well why not go ahead and tell us the full story.

Mr. MAC TAVISH: Well I do not—

Mr. GREEN: I think the committee is kindly disposed to any plan of that kind, and personally I want to get some details.

Mr. CARROLL: Could you not say that you have some idea of what the eastern terminals of this will be—Toronto or Montreal.

Mr. MAC TAVISH: Yes, the favourable and attractive markets are in the larger cities, Toronto and Montreal. Further than that could I say this Mr. Green, that in view of the recently declared policy against the export of gas out of Canada and the further factor that obviously we are bound by the law of Canada, and we are happy to be bound by that law, we cannot export gas from Canada, and consequently having got, say, as far as Winnipeg, it is quite obvious that if we are to get gas to the favourable markets of the east, to such places as Toronto and Montreal and that area, we will have to go across Canada north of the lakes. I see no other way of doing it.

Mr. GREEN: No, but is that your intention, or have your group got so far yet as to form any intention?

Mr. MAC TAVISH: Yes sir. We certainly have the intention of transmitting to the markets of eastern Canada. We recognize fully that we must do that only within the law of Canada, and the geographically applied law so to speak. There is no other available course as far as I can see as a layman than the one I have mentioned—north of the lakes.

Mr. GREEN: That is an all Canadian route.

Mr. MAC TAVISH: That is right.

Mr. RILEY: You cannot say you are going to cut through Saskatoon and Regina?

Mr. MAC TAVISH: No, that is not possible. I think it is quite apparent from the amount of money spent on the project to date that we could not have made the surveys possible to give that sort of detail.

Mr. GREEN: You really have not made any survey at all that would be of much value.

Mr. MAC TAVISH: Not in terms of the exact route.

Mr. CHURCHILL: That \$285 million, is that just a mere guess, or somebody else's estimate?

Mr. MAC TAVISH: I think we can establish that as better than a guess. It cannot be better than an estimate but I would like to think it is better than a guess.

Mr. CHURCHILL: How can you get an estimate when you do not know where are going or how you are going to get there?

Mr. MAC TAVISH: I think people who make estimates in respect of gas lines must do so before the exact detailed route is established and I think that is current practice in the history of pipelines to date. I am not in the position to say how closely the estimates check with the actual.

Mr. RILEY: It really is an educated guess?

Mr. MAC TAVISH: That is right.

Mr. GREEN: You are really not in a position to know the cost at all?

Mr. MAC TAVISH: We have no cost as Mr. Wilton said. We have the plan and as I said, our plan is to transmit gas from the field to the markets of eastern Canada, serving the markets available to us on the way, because that of course is the only economic way gas can be carried.

Mr. GREEN: Now, Mr. MacTavish, what about going to the United States border?

Mr. MAC TAVISH: Our position with respect to that is this. In the light of the recently declared policy it is impossible for us to export gas to the United States, and therefore we will not undertake the expense of a gas line to the border.

Mr. GREEN: Are you prepared to give a firm commitment that if this group gets a charter, the company will not build to the United States border.

Mr. MAC TAVISH: I will be glad to give this commitment, that if this company gets a charter, as I hope it will, that it will not build a pipeline to the United States border so long as it is not possible to export gas from this country.

Mr. GREEN: What you mean is that you would like to do it, but you will not do it so long as you are prevented from doing it.

Mr. MAC TAVISH: That is perhaps not an entirely correct implication on my words. Our desire is to serve the markets of eastern Canada, and we cannot export gas and therefore take advantage of a route through the States, and we therefore must go on the only route available to us, and it would obviously been foolish on our part to commit ourselves to an expenditure to build a pipeline to the United States border which we cannot legally use, and naturally we have no intention of doing anything not legally available to us.

Mr. GREEN: You are not prepared to give an undertaking that you will not build to the United States border.

Mr. MAC TAVISH: I do not think it would be proper for me as counsel of this company to give an undertaking that would tend to be binding upon the company for all time. I could say with perfect honesty and with full instructions from my clients that we will not build a pipeline to the border, because we cannot legally export gas, and it would be folly to do so. If, in 50 years time, gas was available in such quantities that it would be the policy of the Canadian

government not only to allow but to encourage export, it would, I think, not be proper for me here and now to say that in these circumstances this company would not do the thing that the economy of the country dictates should be done.

Mr. GREEN: Would you be prepared to undertake that you will not—the company will not build a line through to the United States border without coming back to parliament to have an amendment to this character.

Mr. MAC TAVISH: That would imply, sir, that a route would have to be incorporated into the Act, and I do not think that was ever the intention of parliament under the general pipeline legislation, and I think it would be difficult for us to comply with that.

Mr. GREEN: But you say in your petition for incorporation which you filed in the House of Commons records, that you wanted power, among other powers, to purchase, distribute and sell natural and artificial gas and oil within Canada and, if required, to export the same to the United States.

Mr. MAC TAVISH: That is the power we asked for.

Mr. GREEN: That is obviously one of the powers you wish.

Mr. MAC TAVISH: But which we are now denied.

Mr. GREEN: You are only denied by the statement of policy in the House.

Mr. MAC TAVISH: Yes, that is right.

Mr. GREEN: Would it be fair to say you are not prepared to go further than say you will be bound by the statement made in the House.

Mr. MAC TAVISH: Perhaps it would not be necessary to go further because that is a very broad statement having regard to the fact, as this committee knows, that we have to get a permit under Electricity and Fluid Gas Exportation Act and the minister in charge of the issuing of these permits has stated they will not be issued. So, from the point of view of the realistic situation we obviously have no hope of being able to get the power we ask for in the petition. In effect it has been denied to us and we cannot but face that realistic situation.

Mr. GREEN: So far as the actual exporting of gas to the United States is concerned you would be able to build a line to the border and turn the gas over to an American subsidiary.

Mr. MAC TAVISH: Theoretically that is correct, and I think that has been the case all along. I do not think this parliament ever presumed to limit what can be done by any company in respect of things outside the country, so that the limitations upon us have been limitations within Canada, and we are still within these limitations, and happy to be so.

Mr. GREEN: And the charter for which you are asking gives you power to deal in gas and oil and other products of that nature both within and outside Canada?

Mr. MAC TAVISH: That is correct.

Mr. GREEN: Are you willing to delete from that charter all reference to outside Canada?

Mr. MAC TAVISH: We will gladly do so.

Mr. GREEN: That is section—

Mr. MAC TAVISH: Section 6(a).

Mr. GREEN: That is: "within or outside Canada construct, purchase, lease or otherwise acquire and hold . . ." and so on. Would you be prepared to strike out "or outside"?

Mr. MAC TAVISH: Yes sir.

Mr. GREEN: And three or four lines further down we find: "Sell, convey or otherwise dispose of and turn to account any and all inter-provincial and/or international pipelines." Would you be prepared to strike out "and/or international"?

Mr. MAC TAVISH: Yes sir.

Mr. GREEN: And then five or six lines further down we find: "provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada." Would you be prepared to strike out the words—

Mr. CARROLL: What line is that?

Mr. GREEN: About the middle of the page. Would you be prepared to strike out "the main" and "line or" and substitute "all" for the former so that that provision would read: "provided that all pipelines for the transmission and transportation of gas and oil shall be located entirely within Canada."

Mr. MAC TAVISH: Yes sir.

Mr. GREEN: In that event it would still be possible for you to carry gas to the boundary and turn it over to an American affiliate. I suppose that is correct?

Mr. MAC TAVISH: I am sorry sir, I do not quite catch that.

Mr. GREEN: It would still be possible for you to take gas to the boundary without breaking the terms of your charter, and turn it over to an American affiliate.

Mr. MAC TAVISH: If I may say so, in my view, as a lawyer, it would have been possible in any event, because I do not think that parliament intended to suggest limiting provisions effective outside Canada.

Mr. APPLEWHAITE: Has parliament the power to authorize a company to do something outside Canada?

Mr. MAC TAVISH: In my opinion it does not. I hold the view—

Mr. APPLEWHAITE: You said has or has not.

Mr. MAC TAVISH: I said it has not.

Mr. GREEN: I think there is some question about that.

Mr. MAC TAVISH: Yes, I would agree. That is a very involved question of law involving the law of extra territoriality, and it is a very confused and rather hypothetical field of law as you probably know Mr. Green, and I guess professors could argue about it for quite a while.

Mr. GREEN: I guess the picture is this Mr. MacTavish that you are prepared to be good boys as long as the Minister of Trade and Commerce will not let you export gas.

Mr. MAC TAVISH: We always want to be good boys Mr. Green.

Mr. CARROLL: Just one question Mr. MacTavish. This sum of \$285 million is the estimate that your organization has for the construction of this pipeline.

Mr. MAC TAVISH: Yes sir.

Mr. CARROLL: Well you must have some idea of how far the pipeline is going before making that estimate.

Mr. MAC TAVISH: Yes sir. It is to go to the markets of eastern Canada mainly in the Toronto and Montreal area.

Mr. APPLEWHAITE: May I ask one question about that \$285 million. Roughly what proportion of that would be represented by equity stock and how much by bonded indebtedness?

Mr. MAC TAVISH: I am unable to answer that question. Mr. Newton, the financial adviser, can answer that, or Mr. Wilton.

The WITNESS: I believe the formula adopted in the United States is 75 per cent first mortgage bond, 15 per cent preferred stock and 10 per cent common stock.

Mr. APPLEWHAITE: You say that is the formula generally adopted in the States. Is that the formula you intend to adopt?

The WITNESS: Yes.

Mr. MURPHY: Does the question of transport of gas in bond enter into the picture?

Mr. MACTAVISH: It is not in this picture, sir.

Mr. MURPHY: Is it out of the picture entirely?

Mr. MACTAVISH: Yes. Our understanding of the present situation is that export in bond in terms of gas would not be assistance to us.

Mr. MURPHY: Would it be of assistance to you?

Mr. MACTAVISH: I say it would not be.

Mr. MURPHY: Is there anything at present that would prevent you shipping it in bond across the United States into Canada?

Mr. MACTAVISH: I believe there is. I am unable to say exactly that it is so because frankly we have not even considered making any representations to seek such authority.

Mr. MURPHY: The Inter-Provincial Pipeline oil is shipped in bond, is it not?

Mr. MACTAVISH: I believe it was said in the House of Commons this session that it was for a short length.

Mr. MURPHY: If your company found it would be more economic to ship gas in bond to supply the eastern market would you consider that?

Mr. MACTAVISH: I think it would have to be considered. If I may say so as a layman, I think it is so remote it is hardly in the realm of contemplation.

Mr. MURPHY: That would be a contrary position taken by your economic advisers with respect to the Inter-Provincial Pipeline?

Mr. MACTAVISH: With respect to oil?

Mr. MURPHY: Yes.

Mr. MACTAVISH: Yes. My remark is, as I say, a layman's remark, but there is a difference between oil and gas in that respect.

Mr. MURPHY: I understand. You propose supplying the heavy market of Ontario and Quebec and are your advisers now considering the shipment over an all-Canadian route, or in bond?

Mr. MACTAVISH: Presently we are considering the all-Canadian route because I believe the possibility of shipping gas in bond is so remote as not really to be within the realm of contemplation.

Mr. MURPHY: How far in Ontario do you propose serving?

Mr. MACTAVISH: The history of these pipelines I believe is that to be economically successful in terms of marketing the end product you should, perhaps must, serve all economic markets along the route of the pipeline. So I would say this, that while the distance that the pipeline travels in Ontario would be quite substantial, it would be our policy to serve all economic markets along the line.

Mr. MURPHY: Where do you propose storing surplus gas?

Mr. MACTAVISH: On that question I will have to ask for expert advice.

Mr. NICKLE: Would you not say that, so far as gas export policy is concerned, Canada is rather putting the cart before the horse by prohibiting consideration of any pipeline route except one lying entirely across Canadian soil, at least until such time as all alternative routes have been fully considered?

Mr. MAC TAVISH: Mr. Nickle, I think as counsel for this company it would not be proper for me to hazard an opinion on that because I really could not give an intelligent opinion.

Mr. NICKLE: To proceed with some further questioning on the same line, we have a statement made by the Minister of Trade and Commerce concerning Interprovincial Oil Pipeline to the effect that an all-Canadian route for this pipeline to the major refining centre at Sarnia, Ontario, would have been 402 miles longer and would have cost \$67 million more than a route across northern Michigan and Wisconsin. Now, what in your opinion is the position of natural gas as between that low cost route and the more expensive all-Canadian route to reach this major market of southern Ontario?

Mr. MAC TAVISH: The only comment I could express on that Mr. Nickle, would be this. There apparently are considerations which have brought those responsible for this policy to the point of thinking that there is a difference in terms of transmission as between gas and oil which justify the policy that you referred to.

Mr. NICKLE: Mr. MacTavish, could you give us any indication of what percentage of the total market you hope to get along the area that could only be served by an all Canadian route? I mean the area around the Lakehead cities and the territory north of Lake Superior?

Mr. MAC TAVISH: I think we can produce some evidence on that. In the meantime as a layman I would have to answer that on the basis of my rather elementary knowledge of geography, there are large areas that would not appear to provide any large economic market along the line.

Mr. NICKLE: In the evidence submitted by Trans-Canada Pipelines Limited in 1951 a detailed market survey was given of the markets across the prairie provinces, northern Ontario, southern Ontario and Quebec and according to the figures presented by Trans-Canada Pipelines, and I quote from the 1951 survey: Fort William, and Port Arthur and eight towns north of Lake Superior would in the fifth years after the opening of the pipeline provide a market for approximately 4.6 billion feet which is only 4.4 per cent of the total market they anticipated getting between the prairies and eastern Canada. Now, comparing that 4.4 of the total market with Mr. Howe's estimate of \$67 million extra cost to serve that small extra market, would you say that were it possible to secure a change in Canadian Government policy, that both the consumers of Canada and the producers of gas in western Canada would be far better off if a more economic route were used either through Sault Ste. Marie serving Sudbury and Toronto or else following the Interprovincial route to enter Ontario at Sarnia?

Mr. MAC TAVISH: I would like to be able to answer that question, but I am not fully enough versed in the matter of oil and gas transmission.

Mr. NICKLE: Have you anybody here who can give evidence on that?

Mr. MAC TAVISH: I think we can produce evidence, not in as much detail as Trans-Canada could, but we can make some useful comments on it.

Mr. NICKLE: Could we have your expert from the Fish Engineering Company answer some questions?

Mr. Donald L. Anderson, Fish Engineering Company, called:

The WITNESS: Mr. Chairman and gentlemen. We have been requested to make the study of a pipeline across Canada. Now, you were talking about the route and I might show you the route we have used in this estimate. This is not a concrete route; it is a generalized route. These are preliminary estimates and the detailed work necessary to select an exact route of course could not

be made at this time. But, possibly I can show you on this map if it might help you. We pick up the gas at a gathering point in Alberta and come across southern Alberta more or less in this area through Winnipeg and across to Sudbury and then this way with a branch line coming down to the Don Storage area, and a branch line to Montreal, with a line to Ottawa. That is the general route we are talking about in this estimate. In this estimate we plan to pick up gas in Alberta from a gathering system that would cost approximately \$45 million; that figure can be changed; but for the purpose of this estimate we are assuming that the gathering system would be \$45 million. Then, from the Alberta-Saskatchewan border, as I mentioned, to eastern Canada the transmission system would be \$240 million giving us a total of \$285 million. Now, in order for that line to be economical, there would have to be a required income of some \$47,595,000.

By Mr. Murphy:

Q. Would you give the size of the pipeline?—A. That varies. There are sections. It ranges from 18 inches to 30 inches.

Q. How long is the 30 inch line?—A. Approximately 75 miles.

Q. Where would that be?—A. At the western portion of the line. The size would diminish as you went east.

Q. Would you expect to serve the eastern market with an 18 inch line?—A. Some portion of it, yes.

Q. How much?—A. I do not have that.

Q. I understand that the other company that has a charter has a 30 inch line?—A. I do not know.

Q. I assume you are in a position to say whether or not it should be an 18 inch or 30 inch line to supply that market?—A. That depends on what you mean by serve. This 18 inch line is not necessarily over here in the western part. The 18 inch line is at the end. If I could explain it this way. A line with 100 miles may be a 10 inch line and as it comes into a city it gradually diminishes.

Q. What size is the main line coming from Winnipeg to the East?—A. We have 75 miles of 30 inch line, 340 miles of 22 inch line, 304 miles of 20 inch line and 144 miles of 18 inch line.

By Mr. Nickle:

Q. Would you indicate the maximum capacity of each of those lines?—A. I do not have that information. It depends on the pressure.

Q. Assuming maximum pressure. What would the maximum capacity be of an 18 inch line as compared to a 30 inch line?—A. I cannot answer that.

By Mr. Murphy:

Q. Have you any idea what diameter lines the major pipelines in the States use on similar distances?—A. Well, that again depends on the amount of gas that is going through and pressure which is going through. It is a technical subject that I am not qualified to discuss.

By Mr. Nickle:

Q. Would you indicate what your first year, third year and fifth year markets would be along the entire system?—A. On the basis of our \$285 million we are assuming peak days—and this is on the basis of the market studies we have made—will be in the first year 270 million cubic feet per day, the third year 310 million per day, and the fifth year 335 million per day.

Q. That is a peak day in each year?—A. Yes.

Q. What would be your anticipated annual market for the first, third and fifth years?—A. We are considering that on an 85 per cent load figure.

Q. Assuming at least three-quarters of the gas was sold to an uninterrupted industrial market?—A. Not necessarily. Through the use of storage you do not have to have an uninterrupted market.

Q. What capacity of storage facilities will be available in eastern Canada?—A. I do not know.

Q. You are assuming the 85 per cent load figure with storage helping meet your winter peaks. So far as I know you have only the Dawn Reservoir in Ontario, but could it contain anything like the volume of gas required to allow you to maintain an 85 per cent load figure?—A. I did not make this study. The individual who made it says it is.

By Mr. Murphy:

Q. Do you know who now has the use of that storage in the Dawn reservoir?—A. No.

Q. Do you know whether you could get it?—A. I understand inquiry has been made and that it is available.

Q. Has your company or any of your associates been in touch with the Gas Company respecting storage?—A. I could not say they have directly.

Q. Is there anybody here who can give evidence about that?

Mr. MAC TAVISH: Mr. Wilton can speak on that.

Mr. GREEN: I think we should have Mr. Anderson finish his statement.

Mr. MAC TAVISH: I wonder if after Mr. Anderson is through with his statement if he could put his qualifications on the record as to his background.

Mr. FOLLWELL: Where is this storage you are talking about?

Mr. MURPHY: Lambton County.

Mr. FOLLWELL: Is it surface storage?

Mr. MURPHY: No. Underground.

Mr. GREEN: Could we have Mr. Anderson's whole statement and then examine him afterwards?

The CHAIRMAN: I think that would be very proper.

Mr. MAC TAVISH: It might be appropriate for him to give his qualifications and then his statement.

The WITNESS: My name is Donald L. Anderson. I am an employee of the Fish Engineering Corporation; I have worked in the industry in its various fields for six years, both in utility work and cross country pipeline work, but primarily in market analysis work.

Mr. RILEY: What about academic qualifications?

The WITNESS: I am a graduate of the Rice Institute, Houston, Texas.

By Mr. Follwell:

Q. What field does that cover—being a graduate of that particular institution? Is that an engineering college or what?—A. Rice Institute is a university in Houston, Texas.

Q. What did you graduate in, in engineering?—A. A Bachelor of Arts degree.

By Mr. Browne:

Q. What engineering qualifications have you got?—A. I am not an engineer.

Q. You are not an engineer?—A. No, sir.

Q. Well, what sort of work do you do?—A. Primarily market analysis work in connection with gas transmission and distribution.

Q. Where has your experience been gained in that field?—A. With Houston Natural Gas Corporation in Houston, Texas, and with Fish Engineering.

Q. How long were you with the first named company?—A. Four years.

Q. And two years with Fish Engineering Company?—A. Yes.

Mr. GREEN: Mr. Chairman, could we have Mr. Anderson's full statement?

The WITNESS: I believe I had finished with the statement of the required annual income to gain a return of $6\frac{1}{2}$ per cent on an investment of \$285 million. That required an annual income, I think I said, of \$47,595,000. That does not include revenue required for gas purchases, but does include a 52 per cent income tax figure. Now, the volume of gas that would be purchased in the first year would cost, pegging gas at 10 cents per m.c.f., which is the going price now in Alberta, \$3,876,700, and that, added to the \$47 million, would give you the total required annual income necessary to return $6\frac{1}{2}$ per cent on your investment, and also pay your income tax. That, divided by your annual volume, would give you an annual average price of 66·8 centst per m.c.f., an average sales price for the first year. Now, using the same figures, that is, the same basis, the average price would drop down to 56 cents in the fifth year. Now, if the income tax were deferred, the average sales price then would drop to $52\frac{1}{2}$ cents in the first year, and $44\frac{1}{2}$ cents in the fifth year. A market can be acquired at a sales price of 42 cents. There are various methods available to any transmission company to sell gas to an industrial market at less than the average sales price. That is being done by other transmission companies that I am familiar with in the United States. To go a little bit further in this and to show the benefit of a high gas sales volume, assuming that in the fifth year the sales would increase to 450 million cubic feet per day, of course that would require additional investment, roughly, \$295 million rather than \$285 million, but on that basis of sales the average sales price would drop down to 36·4 cents per m.c.f., which, of course, is below any price now existing for industrial fuel.

The markets that are available from along that route are, of course, those markets in southern Saskatchewan, Moose Jaw, Regina, among others, Winnipeg, Sudbury and, of course, the markets in the eastern part of Canada, Montreal, Ottawa, Toronto, and those fringe areas and industrial areas that are not now served by Union Gas Company and the Dominion Gas Company—I may be mistaken in that name.

By Mr. Nickle:

Q. Would you indicate in dollars the amount of income tax you have set up for the first and fifth years?—A. We do it in a different manner than that. Through our experience with Fish Engineering Corporation—and we have built three of the major pipelines in the United States—the principals of our company have devised a formula which is extremely accurate and very useful in preliminary estimates of this nature. We use a percentage of 16·7 times the investment which gives you the required annual income, and that figure gives you what is necessary for the $6\frac{1}{2}$ per cent and 52 per cent income tax. Now, if you use 12·5 per cent rather than 16·7 per cent, then you arrive at the required income without income tax.

Q. Then you do have figures there in terms of dollars, the amount you have set aside for income tax in each of these years? How much of a federal subsidy are you going to have to have to make this pipeline break even?—A. As I say, we do not have any figures in terms of dollars, we work on percentages.

Q. Could you turn that into terms of dollars for us?—A. It would take a little figuring here, but I am sure I could do it. I believe that is \$11,970,000.

Q. That is the annual income tax?—A. Yes.

Q. \$11,970,000?—A. Yes.

Q. Now—have you finished your statement yet?—A. You may go ahead.

Q. I have some questions I would like to ask in connection with this. On the basis of your costs you figure an average cost of 66·8 cents per thousand cubic feet during the first year. You indicate that the average price at which gas must be sold would be about 42 cents. If corporation taxes were entirely remitted, in other words, with a federal subsidy of \$11·97 million that first year, you would still be 10 cents per thousand cubic feet. Roughly, one-twentieth of your income would result in loss. In other words, with the difference between average cost without income tax payable, which would be 52½ cents per thousand cubic feet, and the average selling price of 42 cents, you would still show losses on the year of \$12 million in the first year of operation. Is that right?—A. Perhaps I did not make that 42-cent price clear. That would be for large industrial users.

Q. You would be selling at a gate price to distributing companies in each community. You would be selling at an average price to them and they would set up their own rate schedules for various types of industrial, commercial and domestic consumers. Is that right?—A. I believe there is more in the question than that. You have involved questions of policy of the company which I am not qualified to discuss. This average price that I am indicating here, I am saying that would be the gate price to a retail distributor. We are merely indicating an average price here that can be manipulated in various ways through the rate structure of the transmission company itself. But all things considered, we merely indicate that would be the average price.

Q. Could you answer this question at this stage: is it the intention of the company to set up a uniform price, approximately the same price to all consumers along the entire length of the pipeline? Will the Saskatchewan-Manitoba consumer pay the same price for his gas as the consumer in Montreal or Toronto?—A. I think that is a question which would have to be answered by those operating the pipeline. I am not qualified to answer questions of policy of the Transmission company.

Q. Is there anyone here who could answer that question?

Mr. MAC TAVISH: I am not sure that there is. I think we are getting into a phase of future policy which falls into the category I mentioned earlier. If we get incorporation and can proceed with the project, we will have to go to the Board of Transport Commissioners as I have said, with a very detailed analysis of these points. I do not believe at this time a policy has been established in such a way as to give you an answer.

Mr. NICKLE: My purpose in this series of questions is to try to determine whether or not this pipeline route you propose will first of all be economical, and secondly, if it is uneconomical, how is the loss going to be recovered or overcome? It has been mentioned that there might be a remission of income tax which would take care of about half of the loss. But that would be a federal subsidy of about \$12 million yearly. The next point is the average price. Obviously your competitive position in eastern Canada, or your selling price at which the gas can be sold sets a price limit. Are you going to recover part of that loss by assessing a higher price to the prairie consumer than he would otherwise have to pay if the line followed the most economical route?

Mr. MAC TAVISH: I appreciate the validity of those questions but it seems to me that we are not in a position to answer them. Let me illustrate my point by a hypothetical proposition.

Suppose for example there was to be a subsidy. Suppose for example there was to be a subsidy in terms even more generous than remission of income tax which you have suggested, that is, something even better. There are all sorts of subsidies. We could bring in a whole series of figures which would be interesting, if you like, but which would be unrealistic because there might not be such a subsidy. That is why it poses for us such a difficult

question to try to obtain such information as you are seeking, because it would have to be based on so many suppositions including now the very costly construction in the area north of the Great Lakes. That is why. It is not for the reason of evasion. It is almost impossible to get the sort of facts that would provide the answers to your line of questioning.

Mr. NICKLE: Surely in the setting up of a pipeline, the backers of the pipeline, before they spend too much money on engineering, or economic studies, or promotion of the pipeline, or legal costs, or anything of that nature, would need to be satisfied in their own minds that the proposition they are promoting will be completely economic, in other words, that it can pay for itself.

But these figures you have presented to us would indicate a loss during the first five years alone, barring any federal subsidy, or barring any ridiculously low price for Alberta gas. And even if such subsidies were provided which would mean a loss to the Canadian taxpayer and producers, the pipeline would suffer a loss of \$50 million in the first five years.

Mr. MAC TAVISH: Quite.

Mr. NICKLE: If that is true, how can such a proposition be financed through public subscription.

Mr. MAC TAVISH: I appreciate the point you are making, and I think the answer to it lies in two perhaps rather general statements. First of all, you very properly said that people, before they commit themselves finally to a venture, normally must know pretty closely where they are going. That, generally, I admit is true. But at the same time I have seen, as I am sure you have seen, many groups move along in an orderly way on a project up to the first stage of incorporation, which is the one we are on now. Then they may make further investigation and finally, in some cases, they may abandon the project. In other words, they may abandon something which in the incorporation stage looked like a very valid and probably profitable venture. That, I think, is generally true of business.

Now, coming to the next statement I would like to make, I think in the business we are discussing now it becomes very apparent. I think that we can frankly assume here that we are in this position: that we cannot express anything more definite than hope that commercially we can achieve a profitable operation along the lines of the estimates given to you by Mr. Anderson.

Now, the backers of this project are taking a calculated commercial risk. It may be very great indeed, and there are those blind spots in it which I do not think we can eliminate at this point. If we could, we would certainly do so long before we got to the Board of Transport Commissioners.

Mr. HERRIDGE: I think the witness in this case has taken a very correct stand. I think he has fairly answered the questions which were put to him by Mr. Green this morning. I am speaking of Mr. MacTavish. And I think that when we come to this type of discussion we are getting into the field which the Board of Transport Commissioners was instituted to deal with. As a committee, we are concerned with the incorporation of this company. We have heard about its major intentions, its financial proposals, and so on. I think that is all this committee is concerned with, or should deal with.

The CHAIRMAN: That is all.

Mr. CARROLL: Do I understand from Mr. Anderson that this company, according to the figures which he gave us, would be losing millions of dollars over the first five years?

The WITNESS: No sir. I am glad you asked that question, because I would like to correct that impression. I did not mean to infer that at all. I was merely indicating the effect of various figures, and that these assumptions could be bettered, as I showed you, by perhaps a more rapid amortization over the first five years, or a reduction of income taxes, or something of that nature.

I am not saying that a loss would be incurred in the first few years. We should like to draw this conclusion to the studies that we have made. We feel that the market is available; and we feel that if there is enough gas, and if it be available to the pipeline, the market is there to warrant the pipeline as an economic proposition.

Mr. APPLEWHAITE: Your feeling is that it would probably be an economic undertaking?

The WITNESS: It is.

Mr. NICKLE: Could you amplify this statement? You say your average cost of gas in the first year is 66·8 cents per thousand cubic foot, while your selling price is only 42 cents, and yet you say you are not going to lose money.

The WITNESS: This project will give us a 6½ per cent return. In other words, if you eliminated the 6½ per cent return, you still would not knock down that average price of 66·8 cents.

The CHAIRMAN: Are there any other questions?

Mr. NICKLE: Would you break even that first year, in your opinion, or even in the fifth year?

The CHAIRMAN: I think it is up to the company to decide whether or not they want to lose money. It is their money which they are going to spend.

Mr. NICKLE: My point is simply this: that I agree with Mr. Herridge in his statement that the Board of Transport Commissioners of Canada is charged with the responsibility of deciding where the pipeline should go and with determining between various competitors or competitive groups seeking the right to build pipelines. However as long as the Board of Transport Commissioners is now bound by a decision of laid-down government policy, that only a pipeline which is laid over Canadian territory will be accepted, we find that the Board of Transport Commissioners is not going to be allowed to do its job unless government policy changes. So for that reason I feel that these questions are completely justified, sir.

Mr. CARTER: Mr. Chairman, I do not think we are here, as a committee, to reverse or even to criticize government policy, but only to determine whether or not this company should be incorporated. Moreover, I do not think the time of this committee should be taken up with questions which are not relevant to those points.

Mr. BROWNE: Mr. Chairman, it is certainly relevant to know if the company needs a subsidy of \$12 million per year.

Mr. WHITESIDE: They did not ask for it.

Mr. NICKLE: In any case it will be 14 cents 1,000 cubic feet if income tax is estimated on that. The remission if income tax is certainly a government subsidy.

Mr. MOTT: Do they remit income tax to other lines?

Mr. NICKLE: No.

Mr. MOTT: Are they doing it in this case?

Mr. NICKLE: I think not.

The WITNESS: If I might clear up this 16·7 per cent figure so that there is no misunderstanding on that. That includes 6½ per cent return on investment, it includes 52 per cent income tax and it includes all expenses, depreciation of any kind, everything except gas purchases. If you reduce that figure by the amount of the income tax, then you still retain your 6½ per cent earnings, and you still have depreciation and other expenses except gas purchases.

Mr. MACDONALD: We are here this morning to deal with a bill asking for a chapter to build a pipeline. This is a model bill. It has been explained to the committee. The persons seeking this charter have the opinion of very

reputable engineers and responsible financial institution in regard to the financing: I believe these are the only points relative to discussion in this committee. There has been something unfortunately interjected into the discussion in regard to subsidies or some thing of that kind. If the company does not make any profit for four or five years they are not likely to pay tax. We could listen for a long time in this committee to a discussion with regard to the construction of the line, but evidence has been submitted that we are not going to have that kind of information because it is not yet available. Regards tax someone said something about it being 52 per cent. I think if they review their figures, the tax would not in any case be 52 per cent. I think that such questions should be abandoned immediately. I believe I sense the feeling of the committee, except for probably one member who does not agree with government policy, but that is not what we are here to decide with relation to the export of gas, and I would suggest that for future discussions, Mr. Chairman, you insist that the feelings of the other members of the committee be considered, and that the discussion take place along the terms outlined in this bill before us, and we be given an opportunity to decide whether we are going to grant this company a charter or not.

By Mr. Follwell:

Q. There are some of us here from Ontario who are interested in getting gas, and I would like to ask the witness a question in regard to that. Could you indicate by pointing at the map where approximately the end of this pipeline would be. Between what points.—A. To the best of this estimate we have, the line would run through Regina and Moose Jaw, through Winnipeg, past Fort William, by Sudbury, and down to the point where the line would branch with one lateral going to Montreal which would pick up communities in that area, and also a branch down to the Dawn storage area which would pick up communities there, and there is also to be a lateral to Ottawa off the Montreal branch.

Q. You propose to survey all the communities in between the east and west of these areas?—A. That would depend again on the policy of the company as to how they would handle that.

Q. You would have competition between Toronto and the west of Toronto. You would have to meet competitive prices. There is also another question I would like to have from the revenue standpoint. As you take gas from the field in the west, are there any elements that are taken off before it reaches the distributor?—A. There would be field gas to run the compressor stations.

Q. I mean other elements in the gas to be taken from the wells. Would you get revenue from by-products?—A. That would depend upon the gas purchase contract, what type of arrangement for the gas was made. Whether the gas is bought in the ground or produced at the well head, or whatever may be done would determine that.

Q. If you purchase at the well head, there are certain by-products you could benefit from?—A. Yes, if they could be extracted from the gas, and again that would depend on the contract. If they were buying wet gas, or a gasoline plant dump was to be constructed then the products from the gas could be extracted.

Mr. HODGSON: On clause 11 Mr. MacTavish mentioned the companies that were prepared to finance this company. This company is going to be a stock selling company. You are going to sell stock to the public.

Mr. MACTAVISH: The plan I think will be general underwriting through a group. The names of which we mentioned earlier and which would be likely group and they in turn will sell securities either to the public or to institutions.

Mr. HODGSON: These companies—brokers you might call them—will be allowed 10 per cent.

Mr. MAC TAVISH: Perhaps I should say in respect of section 11 that I think that that has been taken out of the Companies Act and put in this bill. It is applicable to the selling of securities of this company, the same principle as is in the general Companies Act.

Mr. RILEY: That is the maximum?

Mr. MAC TAVISH: Yes.

Mr. HODGSON: According to clause 11 they can charge up to 10 per cent.

Mr. MAC TAVISH: Yes, that is the maximum sir.

Mr. HODGSON: What about the selling of stock?

Mr. MAC TAVISH: That again as Mr. Wilton mentioned, becomes competitive because we are not irretrievably committed to the group of which spoke, so that when the time comes the bidding for the underwriting will be on a competitive basis.

Mr. HODGSON: It seems to me there are so many companies trying to get charters to build pipelines that they look forward to this as being a big money scheme either in selling stock or transportation or gas. It might be that the public should have some protection when it comes to selling this stock.

Mr. MAC TAVISH: I think that was what was actually in the minds of the legislators in the general pipeline Act. This model bill was set up to incorporate legislation governing the work of this sort of company.

Mr. HODGSON: That is the reason you get 10 per cent.

Mr. MAC TAVISH: I have always assumed that.

Mr. HODGSON: I still think the maximum is higher.

Mr. GREEN: Could we hear the other witness.

Mr. Douglas Newton, Manager of Dominion Securities, Ottawa, called:

The WITNESS: Mr. Chairman, gentlemen, my name is Douglas Newton and I am the manager of Dominion Securities, Ottawa, and I am here on Dominion Securities behalf, and I would say that we would be interested in the financing of this company. It is difficult to say what proportion of bonds, preferred share, or common stock we would finance, but generally speaking it has been in the past 75 per cent bonds, 15 per cent preferred and 10 per cent common.

The CHAIRMAN: Any questions.

By Mr. Murphy:

Q. Any part of it convertible?—A. That depends at the time we make the issue, if we make the issue. It depends entirely on what the future holds. We are underwriters and distributors of securities. We are not promoters and when the whole has been finalized, then we can decide what is the best method of financing.

Q. In your distribution would any part of Canada receive, as has been done in the past, more than some other part?—A. I would not have any idea about that. I know in the case of Trans-Mountain most of the western people were given priority in purchasing the stock. We had a hand in Trans-Mountain and because of the servicing of the other area those people were given a priority—a good chance.

Q. Would that picture apply if you got a charter and had the opportunity of distributing at this time?—A. I could not answer that.

Mr. APPLEWHAITE: With that formula, 15 per cent preferred stock and 10 per cent common, does that mean the 5 million shares referred to in section 3 of the bill would be issued on the basis of 3 million preferred and 2 million common?

The WITNESS: I cannot answer that question.

Mr. APPLEWHAITE: What I am trying to get at is there are 5 million shares authorized under section 3 of the bill and does that include both preferred and common.

Mr. MAC TAVISH: Could I interject? I will file an affidavit in due course if the bill passes in which one paragraph reads as follows:

That I believe for the purpose of determining the fees to be paid with reference to the authorized capital of Mid-Continent Pipelines Ltd. the sum of \$35,000,000.00 should be fixed as the aggregate consideration for which the 5,000,000 shares of no nominal or par value may be issued.

Mr. APPLEWHAITE: But that is not my question. Of this 5 million shares are some going to be preferred and some common? Because the next question I am going to ask is what are the terms of preference.

Mr. MAC TAVISH: The implication in section 3: 5 million shares without nominal or par value, is a necessary implication they must be common shares.

Mr. APPLEWHAITE: Under what section of the bill do you issue half as much again in preferred shares?

Mr. MAC TAVISH: I think the answer is not to be found in the bill but under the general law which creates preferred shares under the Companies Act. I do not know where it came in the evidence there were to be preferred shares.

Mr. APPLEWHAITE: I wonder if you could explain to the committee what the situation is. If you are going to issue your 5 million common, I would like to know where the preferred comes from?

Mr. WILTON: Mr. Applewhaite, I understand it to be there are 5 million shares without nominal or par value provided in section 3. Those are common shares and we have set the figure on which we will pay a corporation tax of \$35 million expecting 10 per cent in common shares. Say we are thinking that the total cost of the line might be \$285 million, it might be more, but to be safe we put a value of \$35 million in our affidavit on the 5 million shares of common stock.

Mr. APPLEWHAITE: You have got 5 million shares of common stock?

Mr. WILTON: Right.

Mr. APPLEWHAITE: Where does your preferred stock come from?

Mr. WILTON: We have provisions whereby pursuant to paragraphs 7 and 8 of the bill certain sections of the Companies Act are incorporated into our bill. If we wish to create preferred stock we will do it pursuant to that.

Mr. APPLEWHAITE: That can be done increasing your capital stock without coming back for an amendment?

Mr. WILTON: Yes.

Mr. HODGSON: If you go out and sell stock in the company is there any assurance they will ever build the line?

The WITNESS: Our record should speak for itself. We have done a lot of financing in Canada. We have offices from Halifax through Canada, New York, London, England. We have done a great deal of financing in this country. I think you will find we are all right, if you will look up the records.

Mr. MAC TAVISH: In most of the provinces there are Security Acts in respect to which all financing has to be submitted and approval obtained and actual authority to sell stock must be given. I think I am safe in saying that is the case in every province of Canada. That is there for the protection of the public.

Mr. HODGSON: If a lot of people were to come before this committee seeking a charter for pipelines and they all built lines there would not be enough gas to fill them.

Mr. MAC TAVISH: That is where the Board of Transport Commissioners come in, to avoid the possibility of two lines being built neither of which could be operated economically.

Mr. HODGSON: Or of several companies selling stock and only one line going to be built.

Mr. MAC TAVISH: They must obtain approval from the Transport Board. From the public point of view I feel the public interest is well protected by the Provincial Securities Commission and the Board of Transport Commissioners.

Mr. GREEN: Am I correct in my understanding that your firm, Dominion Securities, is prepared to participate in the financing of this pipeline on the basis that it is an all-Canadian route to Ontario and Quebec?

Mr. WILTON: Yes, sir.

Mr. FOLLWELL: Can you tell the committee what percentage of the underwriting your company plans in comparison with the American underwriters?

The WITNESS: We do not know those figures ourselves.

Mr. FOLLWELL: It is a matter of agreement?

The WITNESS: Yes.

Mr. NICKLE: I would like to ask one more question of Mr. MacTavish. A survey has recently been completed by the University of Stanford in California and the University of Western Ontario dealing with the economics of the Trans-Canada route and fuel supply for eastern Canada. That report, I understand, is far from favourable in regard to the economics of an all-Canadian route. Now, during the next two months the Alberta Oil Conservation Board will conduct a hearing which, I understand, will go into a thorough study of the economics of all proposed or possible alternative routes for gas movement eastward from Alberta. My question is this: In the event that that Stanford report and the conclusions of the Alberta Oil Conservation Board would indicate that some route other than that you now propose would serve the interests of commerce and producers much better, would your company be prepared to amend your application to apply for some other route than that now proposed?

Mr. MAC TAVISH: I do not believe we could, sir, because we could not at this point contemplate asking for leave to do something that was obviously impossible to do in the light of the declared policy at the present time. So, so far as I know—and I speak as a layman—I know of no alternative except north of the Great Lakes because any other alternative I can see geographically puts us in the position of exporting to the United States, which cannot be done in terms of policy enunciated.

Mr. NICKLE: A supplementary question: Should the policy laid down in Ottawa be revised, would you then consider taking a route which might be established as being in the better interest of Canadian consumers and producers than the route you now propose?

Mr. MAC TAVISH: In those circumstances, sir, we would have to be guided by the advice of our economic experts and engineering experts as to where the pipeline should lie.

Mr. APPLEWHAITE: In the meantime it would have been built!

Mr. HOGSON: Would the Board of Transport Commissioners not have something to say on that?

Mr. MAC TAVISH: Very definitely. Their approval of the route is perhaps the most important thing.

The CHAIRMAN: Any further questions?

Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

3. "The capital stock of the company shall consist of five million shares without nominal or par value."

I believe Mr. MacTavish has an affidavit to file in connection with clause 3. Will the clerk please read it:

The CLERK:

I, DUNCAN KENNETH MAC TAVISH, of the city of Ottawa, in the county of Carleton, one of Her Majesty's counsel, do hereby declare:—

1. That I am the solicitor for the applicants for incorporation of Mid-Continent Pipelines Ltd. and as such have knowledge of the matters hereinafter deposed to.

2. That I have been instructed by the applicants for the incorporation of the said company that the capital of the said company consisting of 5,000,000 shares without nominal or par value will not be issued for an aggregate consideration exceeding \$35,000,000.

3. That I believe for the purpose of determining the fees to be paid with reference to the authorized capital of Mid-Continent Pipelines Ltd. the sum of \$35,000,000 should be fixed as the aggregate consideration for which the 5,000,000 shares of no nominal or par value may be issued.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of The Canada Evidence Act.

Mr. WHITESIDE: Mr. Chairman, I move that, for the purpose of levying a charge on the capital stock, which will have no par value, the committee recommend that each share be deemed to be worth \$7.

The CHAIRMAN: Shall the motion carry?

Carried.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Carried.

Shall clause 6 carry?

6. The Company, subject to the provisions of any general legislation which is enacted by Parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

- (a) within or outside Canada construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, hypothecate, create liens or other security upon, sell, convey, or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines and all appurtenances relative thereto for gathering, transmitting, transporting, storing and delivering of natural and artificial gas and oil or any liquid

- or gaseous products or by-products thereof, including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines, provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada; and buy, or otherwise acquire, transmit, transport and sell, or otherwise dispose of and distribute natural and artificial gas and oil and any liquid or gaseous products or by-products thereof; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems, and, subject to *The Radio Act, 1938*, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;
- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets, and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water or other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and
- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection (1) of section 14 of *The Companies Act, 1934*.

Mr. GREEN: Mr. Chairman, in connection with clause 6 I move that in line 14 on page 2 of the bill the words "or outside" be struck out; and that in line 19, the words "and/or international" be struck out; and in line 26, the words "the main" and "line or" be struck out, and that in substitution for the words "the main", the word "all" be inserted.

I repeat. In line 26, I move that we substitute for the words "the main" the word "all", so that the proviso will read: "all pipe lines for the transmission and transportation of gas and oil. . . ."

Mr. MACTAVISH: These amendments are quite acceptable to the promoters.

The CHAIRMAN: Shall the amendments carry?

Carried.

Shall clause 6 as amended carry?

Carried.

Shall clause 7 carry?

Carried.

Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Shall clause 11 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill as amended carry?

Carried.

Now concerning the printing of this evidence, how many copies would you like to have printed in English, and how many in French? Usually it is 750 copies in English, and 250 copies in French. Is that agreeable?

Mr. FOLLWELL: I so move.

Carried.

Mr. CARROLL: Do I understand that the people who were trying to get the other bill through in connection with the Boundary Pipelines paid a fee of \$1,200? And is it usual to return such a fee?

The CLERK OF THE COMMITTEE: Under Standing Order No. 93 it is customary, when a bill has been rejected by the committee, to refund the fee.

Mr. GREEN: That has nothing to do with this present bill. They paid in \$1,200 last year and I do not see why it is our duty to hand back that money to them.

Mr. CARROLL: If they are entitled to get it back, they become entitled by this committee.

Mr. MacTAVISH: Our feeling is this. Last year we brought forward the Boundary Pipeline bill. That bill went through all stages except to be passed by this committee. In entirely good faith, and in accordance with the rules, we paid \$1,200 in the hope and expectation that the bill would pass.

However, the bill which is before you now replaces that former bill and the facts are exactly the same. Consequently we feel it is only reasonable, and we respectfully request that consideration be given to allowing us a credit of \$1,200, for which we got no value at the last session, in respect to the fee which we had paid.

Mr. HODGSON: Mr. Chairman I do not agree with that because, if it had not been for the point of view put forward here and in this House, there would not have been an all Canadian route. Moreover, if we are going to establish the practice of refunding money to promoters we will find ourselves doing it every week of the year for the rest of our lives.

Mr. GREEN: The bill last year was opposed because the applicants had an entirely different scheme. The plan last year was to pipe this gas down to the United States, and the bill did not get through the House.

However, this year they have come before the committee with a different application and they ask for a charter. I should think they would be happy to achieve that result without trying to get back the \$1,200 that they spent last year because they have spent little enough on this whole project.

They are asking for a charter to build a pipeline costing \$285 million, yet they have only put up \$25,000, and that was last year. They have not provided surveys or had any additional costs. They come back here and admit that they haven't spent any more than they spent last year, namely, that \$25,000. Therefore I think it is going pretty far to ask this committee to refund them \$1,200.

Mr. CARROLL: I intended to move that it be either paid back to them or that it be regarded as an item in the present bill. However, since it is being opposed, I withdraw my motion.

The CHAIRMAN: I think there is an item—

Mr. WILTON: If there is any feeling that the \$1,200 should remain our group will be pleased to leave it.

Mr. MURPHY: I think that is the feeling.

Mr. WILTON: All right, we will forget about it.

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

STANDING COMMITTEE
ON
RAILWAYS, CANALS AND
TELEGRAPH LINES

Chairman—H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Bill No. 191 (Letter D-7 of the Senate),
An Act to amend the Canada Shipping Act, 1934.

MONDAY, MARCH 30, 1953

TUESDAY, MARCH 31, 1953

WITNESSES:

Messrs. W. J. Matthews, Director, Administration and Legal Services; A. Cumyn, Principal Inspector of Machinery; W. A. Caton, Chief Inspector of Radio, and Captain J. W. Kerr, Supervisor of Nautical Services, all of the Department of Transport; Mr. J. I. Bird, of Vancouver, Counsel for the British Columbia Towboat Owners Association and The British Columbia Coastwise Operators Association; Mr. J. A. Lindsay, of Vancouver, Chairman of the British Columbia Towboat Owners Association Special Committee; Captain J. M. Gillison, of Vancouver, Chairman of British Columbia Coastwise Operators Association Special Committee; Mr. S. S. Clarke, of Montreal, General Manager of Clarke Steamship Company Limited of Montreal; Mr. Peter Wright of Toronto, Counsel for The Dominion Marine Association, and Mr. George Donavon, of Toronto, Secretary, The Dominion Marine Association.

STANDING COMMITTEE

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

Vice-Chairman: H. P. Cavers, Esq.

Applewhaite,	Fulton,	Mott,
Beaudry,	Garland,	Murphy,
Bertrand,	Gibson,	Murray (<i>Cariboo</i>),
Beyerstein,	Gillis,	Mutch,
Bonnier,	Gourd (<i>Chapleau</i>),	Nickle,
Bourget,	Green,	Nixon,
Browne (<i>St. John's West</i>),	Harkness,	Noseworthy,
Cannon,	Harrison,	Pouliot,
Carroll,	Healy,	Richard (<i>Saint Maurice-</i>
Carter,	Herridge,	<i>Lafleche</i>),
Cauchon,	Higgins,	Riley,
Cavers,	Hodgson,	Robinson,
Chevrier,	James,	Rooney,
Churchill,	Lafontaine,	Ross (<i>Hamilton East</i>),
Clark,	Low,	Shaw,
Conacher,	Macdonald (<i>Edmonton</i>	Spence,
Darroch,	<i>East</i>),	Stuart (<i>Charlotte</i>),
Dewar,	MacNaught,	Thatcher,
Eudes,	McCulloch,	Whiteside,
Ferguson,	McGregor,	Whitman,
Follwell,	McIvor,	

R. J. GRATRIX,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, March 12, 1953.

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

Bill No. 191 (Letter D-7 of the Senate), intituled: "An Act to amend the Canada Shipping Act, 1934".

FRIDAY, March 27, 1953.

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

FRIDAY, March 27, 1953.

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

Attest.

LÉON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

TUESDAY, March 31, 1953.

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

SEVENTH REPORT

Your Committee has considered Bill No. 191 (Letter D-7 of the Senate), intituled: "An Act to amend the Canada Shipping Act, 1934" and has agreed to report the said Bill with the following amendments:

1. Clause 1 is amended by deleting the words "all of whom" in the second line of subclause (2) and inserting therefor the word *who*.

2. Clause 2 is amended by deleting subsection (3) of subclause (1) and inserting therefor the following:

(3) Subsection two also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage.

Clause 2 is further amended by deleting subsection (6) of subclause (3) and inserting therefor the following:

(6) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

(a) a ship navigating on the Great Lakes or on the River St. Lawrence above the lower exit of the Lachine Canal and the Victoria Bridge at Montreal,

(b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and

(c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more shall be fitted with a radiotelephone installation.

3. The said Bill is further amended by inserting new clause 3 as follows:

3. (1) Section 411 of the said Act is repealed and the following substituted therefor:

411. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the Minister under this Act or The Radio Act, 1938.

(2) Subsection (1) of section 412 of the said Act is repealed and the following substituted therefor:

412. (1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this Act or of any regulations

made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.

4. The said Bill is further amended by renumbering clauses 3, 4, 5, 6 and 7 as 4, 5, 6, 7 and 8, respectively.

5. Clause 6, now clause 7, is amended by deleting the words "all of whom" in the second line of subclause (2) and inserting therefor the word *who*.

6. Clause 7, now clause 8, is amended by deleting subsection (7) of subclause (1) and inserting therefor the following:

(7) Subsection (6) also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage.

Clause 7, now clause 8, is further amended by deleting subsection (10) of subclause (2) and inserting therefor the following:

(10) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

(a) a ship navigating on the Great Lakes or on the river St. Lawrence above the lower exit of the Lachine Canal and the Victoria bridge at Montreal,

(b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and

(c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more

shall be fitted with a radiotelephone installation.

7. The said Bill is further amended by inserting new clause 9 as follows:

9.(1) Section 416 of the said Act is repealed and the following substituted therefor:

416. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the Minister under this Act or the Radio Act.

(2) Subsection (1) of section 417 of the said Act is repealed and the following substituted therefor:

417.(1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this Act or of any regulations made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.

8. The said Bill is further amended by renumbering clauses 8 to 12 as 10 to 14, respectively.

9. The said bill is further amended by inserting new clause 15 as follows:

15. Section 3 of this Act shall be deemed to have come into force on the 31st day of March, 1953.

A copy of the evidence adduced thereon is appended hereto.

In its Fourth Report presented on February 9, 1953, your Committee reported Bill No. 38, an Act respecting The Saint John Bridge and Railway Extension Company and Bill No. 39, an Act to amend The Canadian Overseas Telecommunication Corporation Act; copy of the evidence adduced in respect of the said Bills is also appended hereto.

All of which is respectfully submitted.

H. B. McCULLOCH,
Chairman.

MINUTES OF PROCEEDINGS

MONDAY, March 30, 1953.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock a.m. this day. Mr. McCulloch, Chairman, presided.

Members present: Messrs. Applewhaite, Browne (St. John's West), Carroll, Carter, Cavers, Chevrier, Churchill, Garland, Gibson, Herridge, Higgins, Hodgson, Lafontaine, Low, McIvor, Mott, Murphy, Murray (Cariboo), Mutch, Noseworthy, Riley, Rooney, Stuart (Charlotte), Whiteside.

In attendance: Messrs. W. J. Matthews, Director, Administration and Legal Services; A. Cumyn, Principal Inspector of Machinery and W. A. Caton, Chief Inspector of Radio, all of the Department of Transport; Mr. J. I. Bird, of Vancouver, Counsel for the British Columbia Towboat Owners Association and The British Columbia Coastwise Operators Association; Mr. J. A. Lindsay of Vancouver, Chairman of the British Columbia Towboat Owners Association Special Committee; Captain J. M. Gillison, of Vancouver, Chairman of British Columbia Coastwise Operators Association Special Committee; Mr. S. S. Clarke, General Manager of Clarke Steamship Company Limited of Montreal; Mr. Peter Wright, of Toronto, Counsel for The Dominion Marine Association, and Mr. George Donavon, of Toronto, Secretary, The Dominion Marine Association.

The Committee commenced consideration of Bill No. 191 (Letter D-7 of the Senate), intituled: "An Act to amend the Canada Shipping Act, 1934".

On motion of Mr. Whiteside:

Resolved: That the Committee print 750 copies in English and 250 copies in French of its minutes of proceedings and evidence in respect of the said Bill.

Mr. Matthews called, made a general statement in explanation of the said Bill and was questioned thereon.

Mr. Cumyn called, made a statement on the technical aspects of Clause 1 and the desire to bring uniformity as between steam and motor engineer certificates, and was questioned thereon.

Mr. Caton called, made a statement on the use of radio telegraph and radio telephone and was questioned thereon.

Mr. Bird called, made a statement in opposition to certain clauses of the Bill, was questioned thereon and retired.

At 1.05 o'clock p.m. the Committee adjourned to meet again at 4.30 o'clock this day.

AFTERNOON SESSION

The Committee resumed at 4.30 o'clock p.m. Mr. McCulloch, Chairman, presided.

Members present: Messrs. Applewhaite, Carroll, Carter, Cavers, Chevrier, Follwell, Garland, Gibson, Green, Herridge, Hodgson, Lafontaine, Low, Macdonald (Edmonton East), Mott, Murray (Cariboo), Pouliot, Riley, Rooney, Stuart (Charlotte), Whiteside.

In attendance: Same as at the morning session.

The Committee resumed consideration of Bill No. 191, An Act to amend the Canada Shipping Act, 1934.

Mr. Lindsay, Captain Gillison and Messrs. Clarke and Wright were severally called, examined on their submissions on various Clauses of the said Bill, and retired.

The Hon. Mr. Chevrier, Minister of Transport, made a short statement in reply to the submissions made by the witnesses to the Committee. He suggested that the witnesses and the officers of his Department hold a conference and bring before the Committee, at its next sitting, such recommendations or suggested amendments they may agree upon.

At 5.50 o'clock p.m. the Committee adjourned to meet again at 11.00 o'clock a.m., Tuesday, March 31, 1953.

R. J. GRATRIX,
Clerk of the Committee.

TUESDAY, March 31, 1953.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock this day. Mr. McCulloch, Chairman, presided.

Members present: Messrs. Bonnier, Browne (*St. John's West*), Carroll, Carter, Cavers, Chevrier, Darroch, Gibson, Green, Hodgson, James, Lafontaine, Low, Macdonald (*Edmonton East*), McIvor, Riley, Stuart (*Charlotte*), White-side, Whitman.

In attendance: Messrs. W. J. Matthews, Director, Administration and Legal Services; A. Cumyn, Principal Inspector of Machinery; W. A. Caton, Chief Inspector of Radio and Captain J. W. Kerr, Supervisor of Nautical Services, all of the Department of Transport; Mr. J. I. Bird, of Vancouver, Counsel for the British Columbia Towboat Owners Association and The British Columbia Coastwise Operators Association; Mr. J. A. Lindsay, of Vancouver, Chairman of the British Columbia Towboat Owners Association Special Committee; Captain J. M. Gillison, of Vancouver, Chairman of British Columbia Coastwise Operators Association Special Committee; Mr. S. S. Clarke, of Montreal, General Manager of Clarke Steamship Company Limited of Montreal; Mr. Peter Wright, of Toronto, Counsel for the Dominion Marine Association, and Mr. George Donovan, of Toronto, Secretary, The Dominion Marine Association.

The Committee resumed consideration of Bill No. 191 (Letter D-7 of the Senate), intituled: "An Act to amend the Canada Shipping Act, 1934".

The Hon. Mr. Chevrier, Minister of Transport, made a short statement on the meeting of the officials of his Department and those making representations to the Committee on certain sections of the Bill, at which certain proposed amendments were agreed upon.

Clause 1 was called:

Mr. Matthews, on the recommendation of the Department of Justice, placed the following amendment before the Committee for its consideration:

That clause 1 be amended by deleting the words "all of whom" in the second line of subclause (2) and inserting therefor the word *who*.

After discussion, and the question having been put, the said amendment was adopted.

Clause 1, as amended, was considered and adopted.

On clause 2:

Mr. Chevrier moved:

That clause 2 be amended by deleting subsection (3) of subclause (1) and inserting therefor the following:

'(3) Subsection two also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage.'

And that the said clause be further amended by deleting subsection (6) of subclause (2) and inserting therefor the following:

'(6) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

- (a) a ship navigating on the Great Lakes or on the River St. Lawrence above the lower exit of the Lachine Canal and the Victoria Bridge at Montreal,
- (b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and
- (c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more shall be fitted with a radiotelephone installation.'

After discussion, and the question having been put, the said amendment was adopted.

Clause 2, as amended, was considered and adopted.

Mr. Matthews then placed the following amendments before the committee for their consideration:

That the said Bill be further amended by inserting new clause 3 as follows:

3. (1) Section 411 of the said act is repealed and the following substituted therefor:

411. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the Minister under this Act or The Radio Act, 1938.

(2) Subsection (1) of section 412 of the said Act is repealed and the following substituted therefor:

412. (1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this Act or of any regulations made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.

And that the Bill be further amended by renumbering clauses 3, 4, 5, 6, and 7 as 4, 5, 6, 7, and 8, respectively.

Mr. Matthews made a statement in explanation of the new clause.

After discussion, and the question having been put, the said new clause 3 was adopted.

Clause 3, now clause 4, was considered and adopted.

On clause 4, now clause 5, Mr. Kerr was called, made a statement on the duties and appointments of Port Wardens, was questioned thereon and retired.

The said clause was considered and adopted.

Clause 5, now clause 6, was considered and adopted.

On clause 6, now clause 7;

Mr. Matthews, on the recommendation of the Department of Justice, placed the following amendment before the Committee for its consideration:

That clause 6, now clause 7, be amended by deleting the words "all of whom" in the second line of subclause (2) and inserting therefor the word *who*.

The amendment was considered and adopted.

The said clause, as amended, was considered and adopted.

On clause 7, now clause 8, the following amendments were placed before the Committee for consideration:

That clause 7, now clause 8, be amended by deleting subsection (7) of subclause (1) and inserting therefor the following:

(7) Subsection (6) also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage.

And that the said clause be further amended by deleting subsection (10) of subclause (2) and inserting therefor the following:

(10) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

- (a) a ship navigating on the Great Lakes or on the River St. Lawrence above the lower exit of the Lachine Canal and the Victoria Bridge at Montreal,
 - (b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and
 - (c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty or more
- shall be fitted with a radiotelephone installation.

The said amendments were considered and adopted.

Mr. Matthews then placed before the Committee the following new clause 9 for consideration.

9. (1) Section 416 of the said Act is repealed and the following substituted therefor:

416. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station

on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the Minister under this Act or The Radio Act.

(2) Subsection (1) of Section 417 of the said Act is repealed and the following substituted therefor:

417. (1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this Act or of any regulations made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.

And that the said Bill be further amended by renumbering clauses 8 to 12 as 10 to 14, respectively."

After consideration the said amendments were adopted.

A new clause 15, as follows, was then submitted for the consideration of the Committee:

15. Section 3 of this Act shall be deemed to have come into force on the 31st day of March, 1953.

The said new clause was considered and adopted.

The Title was considered and adopted.

The Bill, as amended, was considered and adopted, and the Chairman ordered to report the said Bill to the House with amendments.

At 12.15 o'clock p.m. the Committee adjourned to meet again at the call of the Chair.

R. J. GRATRICK,
Clerk of the Committee.

EVIDENCE

MARCH 30, 1953.

The CHAIRMAN: Gentlemen, we have a quorum. It is customary to have a printing of the evidence. Will somebody move that we have 750 English and 250 copies in French?

Mr. WHITESIDE: I will move that.

Mr. RILEY: I will second that.

The CHAIRMAN: Carried.

Is it the wish of the Committee that I call Mr. Matthews to explain the Bill before the Committee?

Agreed.

Mr. W. J. Matthews, Director of Legal Services, Department of Transport, called:

The WITNESS: Mr. Chairman, gentlemen, I appreciate this opportunity of coming before the committee to explain this bill. My name is W. J. Matthews, Director of Legal Services of the Department of Transport.

A bill to amend the Canada Shipping Act usually contains miscellaneous amendments and this is no exception. There are two important amendments to the Act which I should like to explain. The first is found in clause 1 which is an amendment to section 114 of the Canada Shipping Act. This clause 1 deals with the requirements for engineers of steam driven ships and motor driven ships. The position of the Act at the present time is that under section 114, steamships includes both steam driven ships and internal combustion engine driven ships or motor ships, and it is proposed to require a higher grade of certificate for an engineer acting in a motor driven ship than for a steam driven ship, and the reason for that is this, that under the Act as it now stands the requirement is based on what is called nominal horsepower, which is estimated from the size of the engine.

The nominal horsepower on the steam driven ship is the same as the nominal horsepower on the motor driven ship, but in the actual working out the horsepower developed by an internal combustion engine is much greater than the horsepower developed by a steam driven engine, and also, in addition to being an engine which develops higher power, the motor driven engine is of greater complexity, and so it is proposed to amend this section, and require a higher grade of certificate for an engineer on a motor driven ship.

Provision is made in the amendment so that certificates which are now issued will retain their validity. In other words, an engineer of a motor driven ship who now has a certificate will be entitled to act as an engineer on that ship or any other ship of the same or corresponding power. That is the first amendment.

The second important amendment is found in clause 2 of the bill. This deals with radiotelegraph, radiotelephone and radio operators. The department has approached this problem from two points of view. First of all there is the safety of life. We consider nothing more important than the safety of life. Second is the safety of the navigation.

You will recall that under the International Safety convention, which this committee knows about because we went through this in 1950, all passenger ships engaged on international voyages are required to be fitted with a radio telegraph installation, and to carry watch keeping operators. It is proposed to extend this requirement to coastal passenger steamships over 65 feet in length, so that they will all be required to carry radio telegraph installations and radio operators unless exempted by Governor in Council. Provision is made for exemption because it is recognized that in certain protected and sheltered waters where radiotelephone coverage is sufficient it may not be necessary to require these ships to carry radiotelegraph equipment.

Recognition must be given to the great advance made in radiotelephone in recent years and the department considers that where the radiotelephone coverage is sufficient for safety purposes it should not be necessary to require ships to carry radiotelegraph installation.

With respect to cargo vessels—

By Mr. Carroll:

Q. They may make provision?—A. They are required to make provision for radiotelegraph unless exempted.

Q. They may be exempted by regulation?—A. Yes, they may be exempted by regulation of the Governor in Council.

The WITNESS: Now, with respect to cargo vessels, the situation there is somewhat different, because the safety angle, although important, is not as important as in the case of passenger ships. It is proposed under this amendment to extend the regulation to carry radiotelegraph to cargo ships over 500 tons, and to tow boats which are towing vessels over 500 tons or any moving object which is 150 feet in length or more. At the present time, as the law now stands, cargo ships over 500 tons going on a voyage over 200 miles are required to carry radiotelegraph installation.

Although this amendment provides for applying the requirements regarding radiotelegraph installation to cargo ships over 500 tons, the Department proposes to seek authority for the exemption of ships up to 5,000 tons going on voyages where it is considered that the radiotelephone coverage is sufficient. I may say—

By Mr. Browne:

Q. Who is the department going to ask for permission? Is it the international committee or something?—A. I beg your pardon Mr. Browne?

Q. The department proposes to ask for authority to have telephones up to 5,000 tons in certain voyages.—A. The authority is the authority of the Governor in Council.

The WITNESS: I may say that this provision requiring radiotelegraph installation is not to be applied to the Great Lakes. The Great Lakes are covered by separate agreement which the House ratified last session known as the Great Lakes Agreement with the United States for radiotelephone. Then there is provision that the conditions of operation of the radio installation on board any vessel shall comply with the radio regulations annexed to the International Telecommunication convention in force. That is the international requirement having to do with radio wave lengths and watch keeping services.

As I said, under this amendment on page 4, paragraph 6 at the top, provision is made for implementing the radio agreement which was made between Canada and the United States covering radiotelephone on the Great Lakes, so that any ship navigating the Great Lakes, any passenger ship over 65 feet in length and any cargo ships over 500 gross tons navigating the Great Lakes above Montreal will be required to be fitted with a radiotelephone installation.

I think that is all there is to that amendment.

With respect to the other amendment in the bill, the next one has to do with tow barges. Down in Newfoundland, or near there, there was a casualty in which a tow barge being towed was sunk, and the crew drowned, and a recommendation was made which produced this amendment which is clause number 3 in the bill. It calls for an inspection of all tow barges which do not carry passengers, but carry a crew, with respect to life saving equipment, fire extinguishing equipment and precautions against fire.

I may say that tow barges which carry passengers are subject to inspection, but tow barges which only carry a crew under the present law are not subject to inspection so it is proposed to make them subject to inspection with regard to life saving equipment.

Under clause 4 of the bill which has to do with appointment of port wardens provision is made for the appointment of port wardens, deputy port wardens and clerks under the provisions of the Civil Service Act. Under the Canada Shipping Act as it now stands these officers are appointed by the Governor in Council, and the port warden's office is remunerated by fees of office, a situation which we consider to be somewhat obsolete, and provision is made here that the Governor in Council may provide for the appointment of these officers under the Civil Service Act, so when vacancies occur this amendment will come into play.

The next clause, clause 5, deals with the application of the Act to Newfoundland. The provisions of the Canada Shipping Act with the exception of these two sections, 21 and part 6, have already been proclaimed to be in force in Newfoundland. There was an exception for these two provisions, section 21 which has to do with the security which is given on the first registration of the ship, and part 6 which has to do with pilotage. They were excepted and the Justice Department tells us that in order to make provision for proclamation of these parts of the Act, it is necessary to do so in the Act.

Part 2 of the bill has to do with the revised statutes and is only a repetition of what goes before, and part 3 of the Act has to do with the coming into force of the international convention for the safety of life at sea.

Mr. Low: What page is that?

The WITNESS; Page 8.

This convention came into force last year, and amendments which were passed in 1950 came into force on December 31, 1952. We now require this amendment in order to cover ships which belong to countries which are not parties to the new convention until November 19 next. All that is for is to cover the transitional period. After that date all the ships which go on international voyages and which come into Canadian ports will be required to produce a certificate under the International Safety convention.

I think that is all I have to say at the present time Mr. Chairman.

By Mr. Gibson:

Q. I understand the Senate has given this bill some study. Can you tell me how long you were on the witness stand there?—A. I cannot recall Mr. Gibson.

Q. Was it half an hour or one hour?—A. Something like that. I think the committee lasted an hour and a half.

By Mr. Herridge:

Q. I would like to ask the witness a question. He stated that the horse power generated by an internal combustion engine was greater than the power generated by a steam engine.—A. Of the same size.

Q. Yes. I was rather amazed to hear that, because I thought we developed more power from a steam engine.—A. That is a very technical question and we

have Mr. Cumyn of the steamship inspection branch of the department with us. If you wish to pursue the question I think perhaps you had better ask him.

Mr. HERRIDGE: I would like to have an answer.

The CHAIRMAN: Have Mr. Cumyn come up.

Mr. A. Cumyn, Principal Inspector of Machinery for the Steamship Inspection Branch of the Department of Transport, called:

The WITNESS: The nominal horsepower is based on the total cylinder area of an engine, that is the area of each cylinder multiplied by the number of cylinders. The horsepower developed by the internal combustion engine is approximately, rather an average, of about five times as great in relation to the total cylinder area of an engine as is the horsepower developed by the compound steam engine. Now, the limitations that were set out in this section when it was first written were based on the developed horsepower of the compound steam engine. Since that time, of course, internal combustion engines have been fitted to ships and, therefore, under the present wording of the section an engineer holding a motor certificate is entitled to act in charge of an engine, that is a motor engine, having too great a capacity. Therefore we felt that it would be better to reduce the nominal horsepower in the case of motor driven ships.

Mr. CARTER: What is the relationship between the 110 and the 45? You take 110 for a steam engine and 45 for an internal combustion engine. Do these two figures have any significance?

The WITNESS: I may say that one nominal horsepower in the case of a compound steam engine is equivalent to approximately 10 brake horsepower, whereas one nominal horsepower in the case of a motor driven engine is equivalent to about 50 brake horsepower. You must bear in mind that the brake horsepower is a variable quantity. It varies with the revolutions and it may vary with the pressure being used in the cylinder. Therefore that figure 1 to 50 is an average.

By Mr. Gibson:

Q. Mr. Chairman, is not the nominal horsepower the variable? Brake horsepower is specific. Nominal horsepower does not mean anything. Why don't we go back to something specific, which is brake horsepower?—A. We cannot use brake horsepower for the purpose of the Act because it is dependent on revolutions and cylinder pressure which may vary in the case of an engine. It is a variable factor and can be varied at will.

Q. But there must be a maximum horsepower that you can obtain from an engine. I know that nominal horsepower does not mean anything. That is a rule of thumb from the days when it was one for 10, but with internal combustion engines now—of course you know all these things better than I do—I am under the impression that nominal horsepower means nothing at all.—A. It does mean something, sir.

Q. But brake horsepower does.—A. It has an approximate value, but nominal horsepower has a definite value, and you must have something that has a definite value for use in the Act.

Q. But why is brake horsepower not a definite value?

Mr. HODGSON: What difference does it make whether you have steam or internal combustion engines? Would it be on account of the weight of the boiler and so on?

The WITNESS: No, sir, when you have an internal combustion engine you are getting a bigger horsepower, and that means your ship can go on more extensive voyages or you can install the engine on larger ships.

Mr. HERRIDGE: I am thinking of engines of 15 nominal horsepower operating on the lakes. I can have a small tug of my own with a 150 horsepower diesel in it and it won't even require a man. It seems strange to me to require a higher certificate for someone operating an internal combustion engine. Mr. Gibson has a point there.

The WITNESS: The aim, sir, is to provide an equal grade of certificate for an equal brake horsepower.

By Mr. Gibson:

Q. Well, then, why don't we use brake horsepower?—A. Because it is variable and not suitable for the purposes of the Act. This section of the Act carries penalties. We must have a non variable measurement. It would be possible for the owner by reducing the revolutions of his engine or by reducing the pressure to bring his engine below one of the limits contained in the Act if Brake Horse Power were used.

Q. That would be in the case of steam, not in the operation of diesels?—A. It would be possible in the case of an internal combustion engine, to, simply by lowering the revolutions—

Q. Setting the governor?—A. Yes.

By Mr. Carter:

Q. Does that infer that a 45 horsepower internal combustion engine is equivalent to a 110 horsepower steam engine?—A. That infers, sir, that on the average an internal combustion engine having a nominal horsepower of 45 will develop approximately the same brake horsepower as a compound steam engine having a nominal horsepower of 100.

Q. You are using brake horsepower as your standard for comparison?—A. Yes, sir,—this is simply a re-definition of the nominal horsepower in the case of motor ships.

Mr. HODGSON: I would disagree with that. I am not an engineer, but I have run sawmills and steam engines, and the same horsepower in steam will deliver you more brake horsepower than your internal combustion engine.

Mr. WHITESIDE: He is going into piston displacement and that sort of thing.

The CHAIRMAN: Are there any other questions you would like to ask Mr. Cumyn?

Mr. APPLEWHAITE: I don't want to interrupt, Mr. Chairman, but if there are no more questions, I would like to ask Mr. Matthews some questions.

By Mr. Browne:

Q. I would like to ask the witness one or two questions, because I cannot follow the answers given to questions asked by members here. Is an internal combustion engine easier to operate than a steam engine? The internal combustion engine is, after all, one we are all familiar with; it is the one used in the motor car.—A. Internal combustion engines are very complicated and require, particularly in the case of modern engines, highly skilled engineers to maintain.

Q. Are they not the type that are used in small boats, pleasure boats, and so on?—A. Yes, sir.

Q. You have provision, I think, here for an engineer for a very small boat, have you not?—A. The lowest nominal horsepower for a cargo vessel is 10 nominal horsepower, which would mean an engine upwards of 500 brake horsepower.

Q. That would be a small boat and you would require a specially trained engineer for that?—A. We would require a third class engineer.

Q. Is that the equivalent of a fireman in steam driven vessels?—A. No the duties are not the same. The engineer would be in charge of the engine. I may add the examination and qualification required for a third class engineer are very elementary.

Q. Are they the same in an internal combustion engine driven vessel as for the steam driven vessel?—A. Yes, sir, about the same grade, except of course that they deal with qualifications for the steam certificate in the case of a steamship.

Q. In a steam driven vessel a fireman is practically the same as a third class engineer?—A. A fireman can qualify for a third class certificate.

By Mr. Hodgson:

Q. I agree with you on the steam end of it, and as far as engineers are concerned I think anyone can run a steam engine if they have any knowledge of it at all. The whole thing is in controlling your steam and your boiler, and if your engine is running smoothly it will run for months without any adjustment whatsoever, so long as the engineer can set the valves and take a knock out of the engine. That is about all the knowledge he needs to have. I can understand when you get into a larger sized internal combustion engine you need a lot more knowledge than the fellow who runs a steam engine, but I would think that there is a bit of a difference. In the case of the steam engine you have a great weight of coal to pile on your boat, and also the weight of your boiler. As far as the engine is concerned, the difference in weight of a boat would probably not be so much, but I would think the internal combustion engine would be greater than that.—A. There is no question about that.

Q. What have you got to say about that?—A. There is no question, sir, that the diesel engine requires less space and has less weight than the steam engine, but what we are considering here is the capacity or the ability of the engineer to operate diesel engines.

Q. If I was running a boat, I would want more knowledge from a fellow running a diesel than another one running steam.

By Mr. Gibson:

Q. How do you get the nominal horsepower of a steam turbine?—A. We take the horsepower which would be developed at the shaft, as compared to the same horsepower of a steam compound engine.

Q. You mean you use brake horsepower?—A. Yes, sir.

Q. What I cannot understand about this is: You know we are trying to clean up the Act, trying to improve it, and so why do we go back to this archaic system of using a variable nominal horsepower instead of the definite brake horsepower, which we must inevitably use? It is the power delivered to the propeller shaft that really counts.—A. Yes, sir.

Q. Then why we continue with this nominal horsepower, I do not know.—A. Because it is non-variable. I may say that in the case of internal combustion engines in racing cars they use as a standard, litres, which again is the measure of the size of an engine. It is simply not possible to use brake horsepower.

Q. And yet you can put a calibrator on any ship and find the brake horsepower?—A. It would not be practical to do that on small ships.

Mr. HODGSON: Does this bill cover pleasure craft? What I mean to say is, would a fellow running a 20 horsepower outboard motor have to have some sort of certificate?

The WITNESS: No, sir.

Hon. Mr. CHEVRIER: We cleared that up at the last sitting of this committee in 1950.

By Mr. Gibson:

Q. What would be the nominal horsepower of a 20 horsepower outboard motor?—A. I imagine it would be something of the nature of less than one nominal horsepower.

Q. I always understood it was one to 10, but maybe when we get into outboard motors it is one to 20. Yet I thought I heard you mention a moment ago that the ratio was one to 50.—A. An outboard motor runs at a high speed and the cylinders are very small.

Q. But we are trying to figure out the nominal horsepower on the size of the cylinders?—A. It is not possible to give a relation between brake horsepower and nominal horsepower in that case.

Q. But the brake horsepower is something specific and nominal horsepower means nothing. I am not trying to badger you, do not think that. I am trying to make a contribution perhaps to clear up something that has been a headache for a long time. It must have been more of a headache to you than it is to me.

By Mr. Carter:

Q. Do you make any distinction in those certificates between the operator of a gas engine and the operator of a diesel engine, or the operator of a two cycle engine or a four cycle engine?—A. No, sir, but, as you know, gasoline engines are not used in large powers to propel ships. The lowest nominal horsepower requiring a certificate is 10 in the case of a cargo ship, and that would be in the nature of 500 brake horsepower, and gasoline engines of 500 horsepower are not used to propel ships. Gasoline engines of lower powers are used to propel some passenger boats.

Q. Would you answer this. If a boat had two 25's, double engines of 25 horsepower each in it—A. A total of 50 brake horsepower.

Q. Yes.—A. In the case of a cargo boat that would not require a certificated engineer; in the case of a passenger boat it would require a certificated engineer.

Q. So the way to get around these regulations is to put in two small engines.—A. No, sir, we use the total here.

The CHAIRMAN: Mr. Matthews, will you answer Mr. Applewhaite's question.

Mr. APPLEWHAITE: In this draft bill, clause 1, subparagraph (c), foreign-going ships, solely employed in fishing—does that apply to fishing vessels clearing for deep sea, even if they are not going to a foreign port?

Mr. MATTHEWS: If they go a certain distance from the land, it would.

Mr. APPLEWHAITE: That would be if they were clearing for deep sea. The voyage is just for deep sea and return.

Mr. MATTHEWS: That is right.

Mr. APPLEWHAITE: What is the result of this amendment (c) as against the current practice for such fishing boats?

Mr. MATTHEWS: Well, I should not think it would make much difference because the Act as it now stands requires that a steamship employed in fishing which clears on foreign voyages has to have a certificated engineer. This calls for a higher grade of certificate in the case of diesel powered ships.

Mr. APPLEWHAITE: Does that call for a higher grade certificate even in the case of a diesel powered ship of 10 nominal horsepower?

Mr. MATTHEWS: May I have that question again?

By Mr. Applewhaite:

Q. Does that call for a higher rated certificate even in the case of a ship with only 10 nominal horsepower?—A. The lower limit is ten nominal horse-

power, sir. In the case of a fishing vessel that is not being altered. That is the lower limit. It is the higher limit that is being altered. In the case of a foreign going fishing vessel, the higher limit for the third class engineer is 25 nominal horsepower, and it would range between 1,000 and 1,500 brake horsepower.

Q. Is it really the case that the only difference is that you require a higher grade certificate where the power is over 25 nominal horsepower?—A. Yes sir.

Q. And that is the only difference. Do classes F and G of the same section apply to fishing vessels?—A. Yes sir.

Q. Can you tell us what is the resultant difference in requiring a permit under F and G as against the present practice?—A. In the case of F, the nominal horsepower limit is 25 nominal horsepower for a third class engineer. That is to say, if the engine is over 25 nominal horsepower, you require a second class engineer. And if it is under 25, you require a third class engineer. I am speaking of internal combustion engines.

Q. But the present practice is what?—A. The present practice is 75 nominal horsepower.

Q. Before you require a 2nd class engineer.—A. Yes.

Q. What is the difference in the case of G?—A. In the case of G, if the engine is under 25 nominal horsepower, you require a third class engineer, that is if the engine is between 25 and 10, you require a third class engineer in the case of a motor ship.

Q. Under the new Act?—A. Yes sir.

Q. What is it at present?—A. At present, it is between 75 and 10 nominal horse power.

Q. At the present time you are requiring an engineer in ships between 10 and 25 where you did not require one at all?—A. We require a third class certificate, that is, at present a third class engineer can take charge of an engine which is between 10 and 75 nominal horsepower. Now his range is to be cut down from 10 to 25 nominal horsepower.

Q. But you did require a third class from 10 to 25?—A. Yes, sir.

Q. So with the difference you are making, it will follow that you will require an engineer with a higher class of certificate in the case of an engine which has higher horsepower?—A. Yes, sir.

Q. Have the halibut vessel owners or any fishermen's organization on the Pacific coast, that is, the people who are going to be concerned with this, been given an opportunity, or have they requested an opportunity to express any views?—A. A year ago we sent this proposed change to our representative in Vancouver and he discussed it with the fishing industry, with the tug boat owners, and with other shipping interests in that area.

Q. To tell you frankly, I have not heard a word from them. Do you know whether the Halibut Vessel Owners Association has been affected?—A. I could not say specifically with respect to the halibut fishing people, but we discussed it with a representative of the Fisheries Council of Canada.

Q. Have you received any protest or objection from other bodies?—A. No sir.

Q. Has time been given for them to make a protest if they wanted to do so?—A. We sent it to our representative in Vancouver approximately a year ago and he reported that he discussed it with the various interests, and that they appeared to have no objection.

Q. In connection with paragraph 2, in so far as it refers to tugs with tow, I take it that the application of the Act is dependent entirely on the physical measurement of the tow, and that it has nothing to do with the horsepower? Is that right?

Mr. MATTHEWS: That would be so.

By Mr. Applewhaite:

Q. You stated that under certain circumstances it would follow that in sheltered waters, close-in waters, I think those are the words you used, that sheltered passenger ships would be adequately protected by efficient radio-telephone communication.—A. Yes.

Q. In the same waters, would not the same argument apply to tug boats?—A. Oh yes, and with even more force.

Q. In the opinion of the department, is the radio telephone efficient for use in sheltered waters operation, such as offshore coastal work on the Pacific coast, and excluding Hecate Straits for the sake of argument?—A. A survey was made by two officers of the department on the Pacific coast and they found that radio telephone coverage was adequate between Vancouver island and the mainland.

Q. You have made reference, I think, in connection with the last sub-clause to the requirement of the International Telecommunication Convention. Do the requirements of the International Convention apply to these international voyages?—A. That is, with respect to radio?

Q. Yes?—A. Oh, yes.

Q. Our own coastal shipping plying solely between Canadian ports would still be subject to the requirements of an international Act?—A. Yes, that would be so.

Q. Does the International Convention permit the use of radio telephone and not radio telegraph in the waters we have been discussing?—A. I do not think that the International Telecommunication Convention has any bearing on it. It must be The Safety Of Life At Sea Convention to which you refer.

Q. Because you give them an exemption from the telegraph, can you permit them to use a telephone and still be within the terms of your international obligations?—A. The Safety of Life at Sea Convention permits the use of radio telephones in sea going vessels from 500 to 1600 tons. Is that correct, Mr. Caton?

Q. And it would also apply in this case?—A. Yes.

By Mr. Stuart:

Q. What advantage would radio telegraph have over radio telephone?—A. I would like to have a radio expert answer that question, if the chairman would permit. I suggest Mr. Caton.

Q. I do not know anything about the Pacific coast, but in connection with the Atlantic coast, most of the boats there are equipped with radio telephones. I would think there would be a much better chance of receiving a message by radio telephone than by radio telegraph, because while any person can operate a radio telephone, it takes a radio telegraph operator to operate a radio telegraph. Therefore I should think the radio telephone would be much more helpful than a radio telegraph.

Hon. Mr. CHEVRIER: This witness can answer that question, I think.

Mr. W. A. CATON: My name is W. A. Caton and I am the Chief Inspector of Radio, Department of Transport. Your question has to do with the efficiency of the radio telegraph as compared with the radio telephone.

Mr. STUART: Yes. As to its suitability under normal conditions, would it not be better? Let me put it this way: where you find one boat equipped with a radio telegraph, you would find 50 boats equipped with radio telephones.

Mr. CATON: That is correct, on the coastal waters, and the side waters of British Columbia and the Great Lakes.

Mr. STUART: What advantage is there in the use of radio telegraph over radio telephone?

Mr. CATON: The radio telegraph is a longer range means of communication. The radio telegraph signal is easier to read over greater distances. On the other hand, the radio telephone signal is capable of transmitting more intelligence in a shorter length of time; and if the captain of a vessel can speak over a radio telephone to the captain of another vessel, we believe he is in a position to convey more intelligence faster, and I would think it offered a better advantage.

Mr. HERRIDGE: I am referring to minor waters now, in districts where there are a number of small tugs of let us say five tons up, with diesel engines of from 75 to 150 horsepower. What certificate is required now for the operation of those boats, that is, what engineer certificates, and what effect will this Act have on the operation of those boats?

Hon. Mr. CHEVRIER: None whatever.

The WITNESS: The proposed amendment does not affect boats under 10 nominal horsepower if they are not passenger boats.

Mr. HERRIDGE: But our boats with the 550 horsepowerd diesels are tow boats.

The WITNESS: Those boats will not be affected, sir.

Mr. HERRIDGE: Thank you.

By Mr. Browne:

Q. What is the reason for bringing in these changes? Has there been any trouble under the old law?—A. The limitation, as I just said, is placed on nominal horsepower. Diesel engines are being turned out by manufacturers which develop more and more brake horsepower in relation to nominal horsepower. Therefore the Board of Steamship Inspectors feels that the present grade of certificate allows a man too much scope, shall I say. He is now able to take charge of an engine having too great a brake horsepower.

Q. Can you give me an illustration of that? Have you had accidents?—A. We have had no accidents.

Q. Have you had any complaints from anywhere about it, or is it just a theory of the Board of Steamship Inspectors?—A. The Board of Steamship Inspectors is composed of men who have been sea going engineers. And even in my own sea going days we considered that this thing was wrong because it enabled a man with a low grade certificate to take charge of too large an engine.

Q. Is there any reason? Have they caused damage? Have you seen it happen that damage has been caused?—A. I have seen engines being operated by men not properly qualified.

Q. Yet this Act provides that the people who have certificates shall continue to operate them.—A. Yes, sir.

Q. Why do you do that, if it is dangerous?—A. We do not want to cause any difficulties by tying up ships. You see, these things have got to be done gradually.

Mr. HODGSON: Is this thing not going to place the companies in a hazardous position in trying to obtain men with the proper certificates?

The WITNESS: No sir. One of the cushioning effects would be the fact that the present rights of certificate holders would be maintained. Another cushioning effect is that we do not tie up ships when a higher certificate engineer is not available, we issue a permit.

By Mr. Riley:

Q. What about the availability of certified engineers?—A. We have recently revised our engineers regulations which will make it possible for more men to qualify for the motor certificates.

Q. Has the department in anticipation of this change of regulations done anything to encourage engineers to obtain higher certification?—A. We are setting up schools for engineers.

Q. Are you getting much response?—A. Yes sir.

Q. Do you consider they are getting a sufficient number of certified engineers available for the operators with this change put into effect?—A. Yes, sir, because we have this clause retaining the rights of present holders of certificates. Therefore, the ships which are going to be affected will be able to carry on with their present engineers, or with the men who have obtained their certificates before the coming into force of this amendment.

Q. And in the event that an operator is not able to procure the services of an engineer with proper certification, an extension can be granted by the department.—A. Yes sir.

Q. That is the policy of the department?—A. Yes sir.

Q. And in the event that an operator is not able to procure the services of an engineer with proper certification, a permit can be granted?—A. Yes, sir.

Q. By the department?—A. Yes.

Q. That is the policy of the department?—A. Yes.

By Mr. Herridge:

Q. I overlooked asking a question before. I forgot to mention that some of these tugs tow booms that are 4, 5 and 6 hundred feet long. And I am wondering if these men in small boats from five tons up who have installed diesel engines from 75 to 150 horsepower—I see a reference in the Act to “floating object having a dimension in any direction of 150 feet”—and these small tugs sometimes tow booms 5 and 6 hundred feet long. Will it affect them under those circumstances?

Mr. MATTHEWS: I would not think so. The reference to 150 feet or more has only to do with radio.

By Mr. Stuart:

Q. In connection with the engineer's certificate, in order to obtain a certificate to run an internal combustion engine which needs a lot more moving parts and is much more complicated than steam, is it not a fact that an engineer should be qualified to make minor repairs?—A. Yes, sir.

Q. In other words, you take a boat plying even in the Bay of Fundy, if you do not have an engineer familiar with his engine, a small minor detail could tie the ship up for some time. I believe that has not been brought up. A man should have quite a bit of experience and knowledge of diesel engines before he is really qualified to take over. I think that is one point that has not been made, that there is quite a difference in diesel and steam to keep it in operation.—A. You would have to have a knowledge of diesels.

By Mr. Gibson:

Q. How are we going to know whether an engineer is required or not?—A. A local steamship inspector has that information.

Q. There has been quite a lot said about a man needing to have more knowledge with reference to a diesel engine than a steam engine and I do not think that is perhaps true on a complicated steam vessel as Mr. Cummings knows. The point I was going to make has slipped my mind now.

Would the witness say that a diesel engine is more complicated and more difficult to operate than a gas engine of comparable horsepower?—A. I would say so because there are larger pressures and larger temperatures involved.

Q. I would like to go back to the point Mr. Stuart made. I do not know what the whole act says, but there is not much point in having a competent engineer no matter how competent he is unless he is able to make certain

repairs at sea and to do that there must be certain equipment on the ships. Now, are there any regulations requiring minimum equipment for repairs and maintenance of this type of engine?—A. No regulations, sir, but the steamship inspector in the course of his inspection and before he issues a certificate satisfies himself that the proper list of repair parts is carried.

Q. As far as the third class steam engineers are concerned do they necessarily walk aboard without any further examination by your department and take over a diesel engine?—A. No sir. We have provisions for examining steam engineers in the operation of a diesel engine and issuing a certificate.

Q. There are two different certificates for steam and diesel?—A. Yes, sir.

By Mr. Browne:

Q. What are the qualifications for a fourth class engineer?—A. He is purely a watch-keeping engineer. He is not entitled to take charge of a ship. He is entitled to take charge of a watch and he is examined in the duties of a watch-keeping engineer.

Q. There may be men who are second class engineers working as fourth class engineers?—A. Yes, sir.

By Mr. Stuart:

Q. One more question I would like to ask. Where would the line be drawn as to compulsory radio operators full time? I ask that question for this reason. In many boats with which I am familiar the radio equipment is usually in the pilot house where the skipper and others are and it is usually turned on so they can hear it and it seems to me to be an additional expense for smaller operators to be compelled to have a full time operator who can do nothing else. I am interested in where that line is drawn where you must have a full time radio and telegraph operator.

Mr. CATON: Full time radio-telegraph operators are required on radio-telegraph equipped ships but the word "full-time" does not necessarily mean he is on duty all the time. On the west coast there is a schedule of hours of watch-keeping of an aggregate of eight hours a day from morning to midnight. With respect to radio-telephone up to the present time we have not required certificated radio operators inasmuch as radio-telephony has not been compulsory equipment on Canadian ships. But, if this bill should pass, in conformity with the Great Lakes treaty we will establish a radio-telephone class of certificate, and at least one man aboard each ship must have that certificate. The examination will encompass the actual operation of the equipment, frequencies used, and minor repairs such as replacement of fuses.

Mr. STUART: And what sized ship would come under that regulation?

Mr. CATON: Passenger ships of over 65 feet in length and cargo ships of 500 gross tons.

Mr. STUART: Is any consideration given to inland waters?

Mr. CATON: They are included under the wording of the Act.

Mr. STUART: Does that mean a ship in inland waters with radio-telephone 165 feet long carrying 50 passengers would be compelled to have a fulltime radio-telephone operator if they have a radio-telephone?

Mr. CATON: The radio-telephone operator is not primarily a radio telephone operator as such. He may be the captain of the ship, or the mate or any member of the crew. He performs the radio-telephone function as part of his other duties, but in addition to that that particular man performs the functions of an officer on the bridge where the telephone will be required. The first school to train these radio-telephone operators was in Toronto this winter and I understand it was mostly the masters and mates who took the course and passed the examination.

Mr. STUART: Is there any compulsion as to the installation of radio-telegraph equipment of one type or would it be compulsory to have radio-telegraph equipment in place of radio-telephone?

Mr. CATON: In ships going on voyages where radio-telephone coverage is not considered adequate.

Mr. RILEY: Have the ship operators been advised in any way of this legislation? Have they been advised they may make representations before the committee in respect to any arguments they have to the contrary?

The CHAIRMAN: There are some here now.

Mr. RILEY: Generally have they been notified?

Mr. CATON: I believe copies of the bill went out.

Hon. Mr. CHEVRIER: There is in the Department a legislative committee which has to do with amendments to the Canada Shipping Act and to that committee come various groups of people representing operators, guilds and unions to make representations regarding these amendments and my understanding is some of these representations have already been made and I do know the public generally are aware of this bill.

Mr. HIGGINS: Do you know these ships plying between Nova Scotia and Port aux Basques and what communications they have?

Mr. CATON: Those ships have radio-telegraph. The ships that now ply between North Sydney and Port aux Basques today all have radio-telegraph.

Mr. HIGGINS: What operators do they have?

Mr. CATON: I think they carry one operator which is the minimum required under the regulations.

Mr. HIGGINS: Is not the operator the purser as well?

Mr. CATON: He may be.

Mr. HIGGINS: Is that permissible?

Mr. CATON: The amendment to the Act now brought before the House has a clause in it which says a radio-telegraph operator shall not perform any other duties that will interfere with his functions as a radio-telegraph operator.

Mr. GIBSON: Who is going to say that?

Mr. HIGGINS: Would you say the function of purser would interfere with the functions of a radio-telegraph operator on such a voyage?

Mr. CATON: I am not familiar enough with that voyage to answer that. I can envisage cases where it would interfere and also cases where the work would be light and it might not interfere.

Mr. HIGGINS: Do you have knowledge where this equipment is carried and the number of passengers?

Mr. CATON: Yes.

Mr. HIGGINS: Do you know it is away over 100?

Mr. CATON: Yes.

Mr. HIGGINS: Do you feel there should be a radio operator on that ship apart from the purser?

Mr. CATON: I would have to see an analysis of the work he did.

Mr. HIGGINS: You know the work of a purser?

Mr. CATON: Yes. It is not a full purser, assistant purser.

Mr. HIGGINS: There is no assistant purser?

Mr. CATON: Then that is the type of thing the amendment is designed to permit us to look into and correct.

Mr. HIGGINS: Do you think there should be a separate operator and purser on this ship?

Mr. CATON: I would think so.

Mr. HIGGINS: Would that be necessary if the radio-telegraph equipment was installed in the purser's office?

Mr. CATON: It is very difficult when doing a radio-telegraph operators' work to do anything else. He should have a pair of telephones on his head or a loud speaker not interrupted by other noises in the vicinity; therefore we prefer to see him in a proper radio-telegraph cabin with his equipment.

Mr. RILEY: Do I interpret subsection 3 of Section 2 to mean in the case of tow-boats ordinarily engaged in harbour work, that a tow within the provisions of subsection 3, say from St. John or Halifax to Portland or some other point at some distance outside the port, would have to have a telegraph operator standing by engaged on a full-time basis in order to cover them on occasional voyages like this?

Mr. CATON: No, sir. Our thought in presenting this legislation was that we would recommend tow-boats and cargo ships be permitted to use radio-telephone in coastal waters except where over 5,000 tons.

Mr. MOTT: You mentioned your were setting up a school to instruct captains or engineers or someone else on smaller boats in radio telephone. Take fishermen and trawlers on the west coast. Do you mean to say that after operating radiotelephones for the last 10 or 15 years they will have to go now and take a course and examination to find out if they are capable of handling it?

Mr. CATON: Let me say that we have had more complaints in the past over the misuse of telephony than we expected. Apparently many people using telephones in the past have used it for the purpose of idle conversation between ships, and the result has been a congestion of the radio-telephone channels. We hoped to overcome that by setting up special frequencies for ship to ship communication, and I am glad to say that I learned recently that the situation has greatly improved. However, with respect to radio-telephone for safety purposes there is one specific frequency recognized internationally, and chit chat and irrelevant conversations will be prohibited and are prohibited on that frequency.

Mr. MOTT: I am not asking you that. I am more concerned with the qualifications these skippers have to have. You mentioned something about starting a school, and that they must take examinations. Does that now mean that a skipper of a ship will also have extra money for taking extra qualifications for handling radiotelephone?

Mr. CATON: We do not think the scope of the telephone examination is such as to cause great and undue hardship for any skipper of a ship who knows how to use his equipment, and we think there is need of unanimity in the operation of the radiotelephone equipment if the greatest benefit is going to accrue from that equipment.

Mr. MOTT: Another thing is that you have a skipper and a couple of officers each of whom are on the bridge at different times, and that gives you someone listening at all times. If only the skipper is qualified to handle that, then what is going to happen if one of the other officers is on the bridge?

Mr. CATON: In my previous statement I said that at least one person on board ship would have a radiotelephone qualification certificate. Others obviously must listen and do listen, and the Great Lakes Treaty for example envisages just that.

Mr. MOTT: They would not be able to use the equipment.

Mr. CATON: Yes they could use it, but could not make repairs. There will be one person aboard who is responsible for that equipment, and to ensure

its correct operation. That only applies to compulsory fitted vessels. The special equipment will not apply to small vessels which would not come within the scope of the amendment which is 500 tons or over.

Mr. GIBSON: You said the radiotelegraph officer on ship. He maintains an 8 hour shift, or one-third the 24 hours, but with a radiotelephone they are practically on 24 hours a day, which is much more efficient for life saving both for themselves and others.

Mr. CATON: That is one of the strong points in favour of radiotelephony. We recommend that a compulsory watch be kept at all times the ship is under way outside port.

Mr. GIBSON: You mean in a case where there was a radiotelegraph operator?

Mr. CATON: No sir, telephone. At the moment there are devices under development which will permit continuous watch without the actual attendance of a person. They are known as auto alarm devices. In the past they have not been up to the standard they have now attained or that they will attain under this new international committee that is working on the development of suitable auto alarm devices for radiotelephony.

Mr. STUART: Does that mean that one man will be qualified to take care of any minor repairs and that the others can operate it without that knowledge?

Mr. CATON: That is correct, sir.

Mr. APPLEWHAITE: May I ask in connection with this automatic telephone alarm what the approximate cost for the installation will be.

Mr. CATON: I do not think they have arrived at that stage as yet. As I understand it, the governments of Great Britain, United States and France have developed equipment which is now being submitted to the International Technical Organization for consideration and evaluation, and out of their deliberation and probable subsequent developments will come what we hope will be a satisfactory automatic alarm.

Mr. APPLEWHAITE: Have you any idea of whether it will be an expensive installation?

Mr. CATON: I have no idea sir. I know that in some areas in Canada where radiotelephone is in use, commercial stations use automatic calling devices which can be installed on a ship and attract the master's attention and he will answer the telephone.

The CHAIRMAN: We have Mr. J. I. Bird, counsel for the British Columbia Towboat Owners Association and the British Columbia Coastwise Operators Association who will now address the committee.

Mr. J. I. Bird, Counsel for the British Columbia Towboat Owners Association and the British Columbia Coastwise Operators Association, called:

The WITNESS: Mr. Chairman, gentlemen, I am representing the two associations which the Chairman has told you of. These two associations represent over 90 per cent of the persons engaged in the towing industry on the Pacific coast. The Coastwise Operators Association is primarily made up of those interested in the freighting business, but they likewise do a large amount of towing. Now, this morning we are concerned with communications between ships at sea, and between those ships and shore and I wish to emphasize that distinction, ships at sea and between those ships and shore.

There are two methods of communication which have already been discussed. The old wireless telegraphic dot-dash method and the radiotelephone which is just like the telephone in your office. The modern radiotelephone as

it has been developed and in fact pioneered on the Pacific coast of Canada has been perfected and has reached such a high degree of efficiency that any person engaged in the commercial towing and the freighting and the passenger business would never think of sending his ship to sea without a radiotelephone. I can safely say there is no vessel engaged in this business which is not now equipped with a radiotelephone and of course that equipment was provided on entirely a voluntary basis.

This section in bill 191 which the association which I represent finds objectionable is subsection 3 of section 2 as explained by Mr. Matthews.

Mr. APPLEWHAITE: That is on page 3 of the bill.

The WITNESS: Yes.

It operates in two ways. First of all, any vessel towing another vessel of 500 gross tons or more, and that will include a dump scuttle which carries no crew, must carry a radiotelegraph. Any vessels towing any other vessel or object the dimensions of which exceed 150 feet in any direction must also carry a radiotelegraph operator.

As you are aware this part of the section is primarily directed at the Pacific coast, because only on the Pacific coast are logs towed in booms which are sometimes 600, 700 and even 800 feet in length. In addition, there is a very large barge haul which is conducted even as far north as Tagu River, so it is for that reason that the Pacific coast is very much disturbed by this legislation. The committee members have a brief before them prepared by the Towboat Owners Association and although perhaps it is somewhat lengthy, it was necessary to tell a story. In addition there is a summary which you will find on a separate page which summarizes the points we wish to urge at this time.

To determine whether radiotelegraph installations on vessels engaged in towing on the Pacific coast is a necessary and useful innovation, it is essential to ascertain the nature of the towing business, the peculiar characteristics of the routes which are travelled, and the manner in which the towing business operates. The conditions on the Pacific coast are, I submit, quite different from what they are on the Atlantic coast.

I have here a chart—this is the Pacific coast as indicated by the larger map, and these red lines indicate the routes which are travelled by these towing vessels. I wish particularly to draw to the attention of members of the committee the fact that in all cases right the way up to the Alaskan border, the vessels are, with the exception of the passage across the Queen Charlotte, never more than 10 miles from the shore. In most cases little more than a mile. In this rectangular area, there are about—

By Hon. Mr. Chevrier:

Q. What about between the coast and Vancouver Island? That is far more than 10 miles.—A. In between shore and shore, Mr. Minister. The routes travelled here between Vancouver and Hecate Straits is just 20 miles.

Q. Vancouver and Nanaimo, for instance, what distance is that?—A. The direct distance exceeds 20 miles but the routes followed by the towing vessels through this is little less than 20 miles and consequently at no time is the vessel more than 10 miles from there.

It is quite true that this passage across the Hecate Straits is about 30 miles in distance, so that there you would be more than 10 miles from the shore, but there is not a great deal there. Most of the barge hauling and log towing is confined to the inland waterways.

Q. What is the distance across Charlotte Strait?—A. (Demonstrating on map) down here it is very much wider, but up here it is about 30 miles. Now

in this area are concentrated about 2,200 vessels which are equipped with radiotelephone. They include 380 tugboats. Ninety per cent of those tugboats are at sea all the time. There are, in addition, about 1,800 fishing vessels. Those vessels are at sea in varying quantity. The density, of course, is very much greater during the fishing seasons.

Hon. Mr. CHEVRIER: Do you appear for the fishing vessel operators as well?

The WITNESS: Oh, no, Mr. Minister. I mention that merely to indicate the number of ships equipped with radiotelephone which are available for communication in distress circumstances. Apart from the fishing vessels we have, I think it is, 89 coasting and passenger vessels, all of which are equipped with radiotelephone, and I have not included in the 2,200 figure the federal government vessels such as fishery patrol, public works and R.C.M.P. on the federal side. Provincially we have the forestry patrol, the public works vessels and others, and all of these vessels are equipped with radiotelephone, and very, very few—I have not the figures—are equipped with radiotelegraph. So that in this area we have that density of vessels, that potential number of receiving stations in the event of a disaster at sea. The only means of communicating with those ships, with the exception of 17 passenger and coasting vessels and the same number of government ships, equipped with radiotelegraph, is by radiotelephone. It would not be possible to get in touch with—I think it would work out to 97 per cent of the vessels which populate these waters without radiotelephone, and I do not think that I need point out that in time of emergency you do not care very much whether you have a 5,000 tonner or a 2,000 tonner, or a 50 footer or even a rowboat. The essential thing is to be there at the right time with the proper equipment. That is the position at sea.

On shore we have 12 coast telephone stations operated by Northwest Telephone Company. We have nine government stations, radiotelephone equipped. These are also W.T. stations, 21 stations which maintain a continuous watch. Secondly, we have over 300 land stations which maintain an intermittent watch. Those include radio telephone installations at logging camps, fishing camps, mining camps, and the hundreds of other villages and canneries, communities which are situated all along the coast. It is quite true that the operators there do not maintain a continuous watch, but by day they are always in communication with their respective organizations. The tugboats, for instance, will talk to their vessels four or five times a day. The fishing companies will be talking to their vessels at all times, getting fishing information. Weather conditions are, of course, of great interest to them all. Finding out where the fish are, the prices available, where to land their catches, and other things of that kind. I do not wish to labour the point, but it is essential—absolutely vital—to ascertain the conditions under which these vessels operate and the manner in which they can communicate with one another most efficiently.

I would direct your attention now, gentlemen, to the summary which you have before you. Before dealing with that, it may be of interest to members to know that there are 11 separate frequencies through which ships can communicate, and Mr. Caton mentioned the fact that some of these frequencies become overcrowded. Well, gentlemen, that may appear to be a fairly sound objection from a commercial point of view and on the part of those fishermen who are anxious to get their information into their employers, or to get information from them, but it is very significant when considering distress. I do not think anyone would contradict that the larger the listening audience you have, the more likely you are going to get assistance, the more chances you have of communicating with somebody. So the more these channels are overloaded, the more people that are listening, who are waiting to get through and they are going to be on the air when the distress

calls come through, and of course the distress calls wipe out all calls that are pending. When the signal "May Day" is broadcast on all channels, all channels are cleared, but yet these people still have their sets on available for distress purposes.

Turning now to the reasons for our submission: (1) Existing radiotelephone equipment now installed on towing vessels operating on the Pacific coast is not only adequate but is superior to radiotelegraph as a means of communication for distress purposes. Point 1: The efficiency of any distress service must be governed by the number of persons who are listening at the critical time. You can have all kinds of sets, but it is the number of persons listening that counts. Now, that vital factor illustrates, I think, the most important advantage which can be obtained by radiotelegraph communication. We have 2,200 vessels on the coast, all equipped with radiotelephone. A large number of these vessels, which are of all kinds, are at sea, and they are potential rescuers. Radiotelegraph could communicate with only 17. Thus, you could have a situation which could develop in which a fishing vessel could be a mile or two away from a disaster and that vessel could not be reached if it did not have radiotelegraph. I do not think anyone here would suggest that it would be advisable or proper to require all fishing vessels to carry a radiotelegraph operator.

By Hon. Mr. Chevrier:

Q. This bill does not interfere with your radiotelephone operation in any way?—A. No, not at all, Mr. Minister.

Q. Well, then, what injustice are you suffering if to it is added radiotelegraph? As I understand this bill, it simply confirms your operations with reference to radiotelephone and it makes it mandatory to instal radiotelegraph.—A. Yes, Mr. Minister, but our submission is that radiotelephone is adequate and that radiotelegraph adds nothing to the efficiency of our distress service as given by radiotelephone.

Q. I was not dealing with that; I see that you make statement, but Mr. Caton, I think, in his evidence is of a different view.—A. Yes.

Q. He thinks that radiotelegraph is superior to radiotelephone in certain areas.—A. Yes, I think we are at odds with Mr. Caton on that score, Mr. Minister. I have with me Mr. Lindsay and Mr. Tupper, of Northwest Telephone, who, I believe, will be able to satisfy you on that particular score.

MR. CAVERS: What would be the additional cost of installing radiotelegraph on your vessels?

The WITNESS: I will be coming to that, if I may deal with that at the time.

By Mr. Carroll:

Q. Did you notice, too, the gentleman said it was superior to telephone in certain places? That is the statement he made.—A. Yes.

Q. Well, you do not have any objection to that general statement, do you, in certain places?—A. I think the limitations on radiotelephone are found also on radiotelegraph in certain places.

Q. I am not talking about that, I am only talking about the statement that the gentleman made here. Of course I do not know. He did not say it would be superior in your case to what you have now—that is, he did not say it definitely, anyhow.

Hon. MR. CHEVRIER: I did not want to interrupt you, Mr. Bird. Go ahead, please.

The WITNESS: The second point is that the radiotelephone provides direct person to person conversation. Mr. Caton has already approved my point on that score. He admits it and I do not think there is any answer, but there is

one thing that should be said, and that is that with radiotelephone by means of the conference system you can tie in any number of persons on the same call at the same time, so that if a ship is in distress—perhaps I can best illustrate that by referring to the case of the Nootka, which stranded several years ago on the west coast of Canada. She went ashore. This was a freighter and it suffered considerable damage. The master, as soon as his ship went ashore, picked up his radiotelephone and called Captain Gillison, who is here today. Captain Gillison was in bed—it was two o'clock in the morning—and the master reported the details to Captain Gillison, and while that conversation was going on, Captain Unwin, head of their salvage operations, heard this conversation and he joined in the conversation. He wanted to know if there was anything he could do, and what equipment was required. In three separate cases on that call there were people who interrupted up and down on the west coast saying that they had a barge available, would that be of any help, and that barge was of assistance because it was brought down and used to discharge the cargo of the damaged ship and to take it away. Too, every towing vessel within 50 miles of that scene tuned in on the conversation and wanted to know if they could help. The result was that all this was made possible by means of this conference factor. It would be silly to suggest it would have been made possible by radiotelegraph.

Continuing, then, the next point is the simplicity of operations. That has already been mentioned by the members and I do not think I should touch more upon it. You do not require a skilled operator and the equipment is very much less expensive. It takes about one-fifth of the space required for radiotelegraph and, of course, that means the aerials, the transmitters, the receivers, the batteries, the source of power which much be independent of the ship's propelling machinery. And I would like just to discuss that aspect at the moment. To equip towing vessels with radiotelegraphs—and this is our second important point—the specific cost is not only unreasonable but unnecessary, and it would be a physical economic impossibility.

First of all, a word with regard to the space on small towing vessels. As you gentlemen are well aware, most of the space is taken up with the engine. In addition, you must have the wheel house, crew accommodation, dining facilities, and space for stowing spare gear. All available under deck space is fully utilized in this way.

Now, if a radio telegraph was required, you would have to have your main and emergency transmitters and receivers, and the aerial—which in many cases would require an extra mast—and your source of power, both main and auxiliary. And not only that, you would require a separate radio officer's operating shack situated above the upper deck and usually aft of the wheel house, and that would be available for the radio officer and his equipment alone. And in addition to accommodation for the radio officer, you require the life saving equipment necessary for the extra man, and you begin to have factors which are going to affect the ship's stability.

The next point under this main heading is: what will these radio officers do? They are required to do one thing only, and that is to operate their set and maintain it. They do nothing else. They are not available for working the ship. The owners of most of these tug boats will be working for about 20 days of the month, allowing for lay-off time. And when they are tied up over periods of sometimes three or four weeks for the weather, together with the normal tying-up that they have, the economic impact, as you can appreciate, is going to be very considerable.

Mr. McIVOR: What about giving the men time off on Sundays?

The WITNESS: I am not certain about time off on Sundays.

Hon. Mr. CHEVRIER: The Reverend Dan McIvor asked you that question so you had better be careful about your information.

The WITNESS: The cost of telegraph equipment and the necessary alterations to provide accommodation, even if those alterations could be made, would approximately increase the operating cost of the small tugs, let us say, to about \$15,000 to \$20,000 annually. And the effect of such a burden, at least upon the smaller operators, would be virtually suicidal. They could not continue.

The wages of the radio operator—I think I am correct in saying—are in the neighbourhood of \$270 per month. That does not include any overtime, and apart from whether you could always get a radio officer, you would not be able to proceed without one. And it would be necessary in some cases to have a spare radio officer on pay all the time to take care of the fleet which are operated by the larger tug boat companies. I do not think I need dwell any further on the economic burdens because they are fairly obvious, particularly in the case of the single vessel of which there are many on the Pacific coast.

Mr. HERRIDGE: What does the witness mean when he says "single vessel"?

The WITNESS: I mean the tug boat that is operated by a manager who is the owner, or by a skipper who is the owner.

Mr. HERRIDGE: Oh yes. Thank you.

The WITNESS: Now, point 3: to require towing vessels of less than 500 gross tons to carry a radio telegraph would exceed the requirements laid down by the Safety Convention of 1948 which permits vessels up to 5,000 gross tons to engage in coastwise trade without radio telegraph equipment of any kind. That aspect has been mentioned here in order to bring home to the members that the limit is 5,000 tons. That is coastwise trades only, without proceeding internationally.

The effect of this legislation is to reduce the limit to 500 tons for freighters; and so far as the towing industry is concerned, it reduces it to vessels of any tonnage when they are towing boats or vessels of the dimensions and tonnage mentioned in the statute.

I would like to read to the members the recommendations which were made by the conference.

Mr. APPLEWHAITE: Made by whom?

The WITNESS: Made by the Safety of Life at Sea Convention. I think I had better read from the actual book.

Mr. WHITESIDE: It is page 15 of the brief.

The WITNESS: Yes, that is correct. But I am reading now from the International Conference on Safety of Life at Sea, 1948, at page 272, the second paragraph and at sub heading 2:

The conference, recognizing that the safety of life at sea will be promoted by the fullest possible availability of radio on ships, recommends that all governments should consider the possibility of extending with such modifications as may be necessary the requirements for radio installations so that such installations should, in so far as practicable, be carried by ships, including coasting ships and fishing vessels, not covered by the present convention, on voyages in the open sea.

Hon. Mr. CHEVRIER: May I just ask a question. You said that they did not limit it to 5,000 tons. My recollection is that the exception is 1,600 tons.

The WITNESS: On international voyages, Mr. Minister.

Hon. Mr. CHEVRIER: Did you not say 5,000 tons a moment ago?

The WITNESS: Coastwise, Canadian coastwise voyages. I quite agree with your statement that is it 1,600 tons for freight vessels operating coastwise, but when they are proceeding into foreign waters. It is 5,000 tons for vessels which are freight vessels operating only as between Canadian ports.

Hon. Mr. CHEVRIER: In other words, radio telegraphy is mandatory for vessels of 1,600 tons and more, trading internationally and coastwise.

The WITNESS: No. Trading internationally in the coastwise trade.

Hon. Mr. CHEVRIER: That is, trading from one part of the coast to another part of the coast, going on to the United States?

The WITNESS: That is correct; let us say, between Vancouver and Seattle, the limit is 1,600 tons. But if freight is carried by ship between Vancouver and Prince Rupert, then vessels up to 5,000 tons would be exempt from radio telegraphy equipment. I wish to emphasize that the recommendation made by the conference was directed particularly to vessels engaged in the coastwise trade which were proceeding on voyages in the open sea.

In no case, gentlemen, could these tug boats be said to be proceeding in the open sea along routes which have been described to you. In fact, in the very large majority of cases, they are operating very little more than 10 miles from shore. I do not think, Mr. Chairman, and gentlemen, there is very much more that I can usefully add.

The submission made by the British Columbia Towboat Owners Association of British Columbia, and the Coastwise Operators Association is that the radio telephone, in its present stage of development on the Pacific coast, is as good or better for distress purposes than radio telegraphy. They contend that to require the tow boat industry to fit their vessels with radio telegraphs, when they are already fitted with radio telephones, would be unnecessary and unreasonable. They ask that all reference to towing vessels engaged in towing on the Pacific coast be deleted from the Act.

Hon. Mr. CHEVRIER: In effect, that means the repeal of subsection (3).

The WITNESS: Not all of subsection (3), Mr. Minister, just so far as it affects them.

Hon. Mr. CHEVRIER: The tow boats?

The WITNESS: The towing vessels; it would repeal all that part of the section appearing in the third line "outside of a port and to steamships", and deleting everything which follows the words "and to steamships" on down to the end of the section.

By Mr. Applewhaite:

Q. May I ask you one question. Would the people whom you represent object strenuously if there was left in the proposed Act the provision which made somebody, either the tug or tow company put in telegraph equipment where the tow was a vessel of 500 tons, or does that bring you into the clause on scows which are towed without a crew?—A. That brings you into the clause on scows. The scow is a vessel as defined in the Act.

Q. But a scow could run to over 500 tons gross and still be towed without a crew?—A. Yes. There is one scow there of 2,200 tons, which is a dump scow.

By Mr. McIvor:

Q. How many men are employed on the average tug?—A. It varies in accordance with the size of the tug. In some cases there are 12 or 14 on the tug. In other cases, the crew consists of just the master and perhaps a deck hand.

Q. Have the men made any demands for radio telegraphs?—A. No sir, not to my knowledge. I would be glad, however, if Mr. Lindsay would answer that question.

Hon. Mr. CHEVRIER: I think they did in 1950 when the Act was being amended. Is that not a fact, Mr. Matthews?

Mr. MATTHEWS: There were representations.

Hon. Mr. CHEVRIER: Yes. Representations were made by certain guilds I think, but not necessarily from the west coast. However, certainly guilds representing Canada demanded that this very amendment be put into effect. In fact, my recollection is that an amendment was moved at that time and because we did not know enough about it we wanted more studies. I made a statement that we should be allowed to give it some study before bringing it into effect. Therefore it is as a result of those studies that we have included it in this Act now.

Mr. APPLEWHAITE: I am only speaking from memory, but I think the amendment to which you refer was moved by Mr. Green and supported by myself, and I think it was in reference to passenger vessels.

Mr. GREEN: I did not hear what the minister said at the first. I could not hear what he said in his opening remarks.

Hon. Mr. CHEVRIER: I simply said that I thought representations had been made. I thought that an amendment had been moved by a guild, not necessarily from the west coast, but representing groups across Canada demanding the kind of amendment that we have in this Act now, and that I resisted it at that time. In fact, the representations went much further than the amendment which was moved and I resisted them on the ground that I thought that we ought to give it more consideration and as a result of that it has been included in the Act.

Mr. GREEN: I do not think Mr. Applewhaite moved that.

Mr. APPLEWHAITE: I think I did but it was with reference to passengers.

Mr. GREEN: The discussion before I think had to do with passenger vessels.

Hon. Mr. CHEVRIER: Possibly.

By Mr. Green:

Q. Is it correct, Mr. Bird, that the people whom you represent would be willing to be made subject to regulations that require that you carry radio telephones upon your tugs?—A. They all carry radiotelephones now.

Q. But you do that voluntarily. Are you willing to be made subject to regulations to that effect?—A. Yes. We are and we carry radiotelephones which we consider are absolutely necessary to our operation. We shall carry them in any event.

Q. Have you considered clause 6 in subsection 2 of section 2 of the bill which provides for regulations covering radiotelephone installations on the upper St. Lawrence and on the Great Lakes?—A. No. We have not, sir. We know nothing of the conditions that exist there.

Q. Would your situation be met if your boats were made subject to a similar condition, that is similar to what is contained in clause 6 in subsection 2 of section 2 at the top of page 4?—A. I am sorry, sir, I am not in a position to answer that because I know very little about the telecommunication convention which apparently governs or will govern the lakes, so that I am not really qualified to answer your question.

Q. In effect that clause 6 gives the Governor-in-Council power to compel radiotelephone installation on vessels on the Great Lakes. I have just been wondering whether an extension of that power to cover these small tugboats would not meet the situation.

Hon. Mr. CHEVRIER: They are covered under subsection 4 on page 3.

Mr. GREEN: Indirectly.

The WITNESS: I may say that our position is that if the committee or if the government should be of the opinion that radiotelegraph installation on tugs on the Pacific coast is not desirable then there would appear to be no necessity for such a provision in the Act, and I think I must say that although my clients do not believe that the regulations which are being or may be put into force by the department will not be intelligently prepared and drawn up, they feel very strongly that if the operative part of the section, that is subsection 3, section 2, is there and the exemption is made possible by order in council, that the exemptions which are made can be made at the whim of the government and the order in council comes out and it lands on your desk and there is nothing that you can do about it. It is our feeling that if this section relating to tugs in the towing industry is not necessary that it ought not to be in the Act and the very fact that it is there as some gentleman pointed out it can be cured by exemption and that appears to us not to be a proper way of enforcing the requirement.

Hon. Mr. CHEVRIER: You are aware of the sections under which these exemptions are made. The exemptions must be tabled in the House. I think that is under sections 118 and 119 of the Canadian Shipping Act. They have to be tabled in the House and there has to be a reason given for the exemptions. I was going to ask you whether your position would not be met by subsection 4 of section 2. After all as I look at the map there are some tugboats that will be operating at more than ten miles that will be operating under conditions that are different from those of the Great Lakes.

The WITNESS: Yes. That is quite true, sir.

Hon. Mr. CHEVRIER: And that therefore the reasons why telegraph is perhaps more important or more adequate than telephone, as was given by Mr. Caton, and of course I have to rely on that advice, are perhaps strong enough to warrant the section as it is. But to meet your position with regard to the amendment, what is your answer to that?

The WITNESS: If as the member here suggested a moment ago a section could be inserted in the Act which would be directly applicable to the Pacific coast so as to enable radiotelephone installation to proceed, then I feel that that might well meet the situation.

Mr. CAVERS: Do you think there is any discrimination against those people operating on the Atlantic coast?

The WITNESS: I am not very familiar with the situation on the Atlantic coast. I am not qualified to discuss it. I had a call this morning from a representative of the East Coast Tugboat Owners Association. Apparently they had just learned of the effect of the bill and they are very disturbed about it and wished to make representations but felt it was perhaps too late.

Hon. Mr. CHEVRIER: I think after you and those associated with you have been heard we should hear what Mr. Caton and Mr. Cummings have to say. Is there something else you wished to say?

The WITNESS: No, except I have Mr. Lindsay of the British Columbia Tugboat Owners Association here and Mr. Tupper the manager of the Northwest Telephone and I also have Captain Gillison of the Coastwise Operators Association.

Mr. CAVERS: When do you propose to meet again?

The CHAIRMAN: That would be at the wish of the committee.

Mr. CAVERS: I would suggest in the light of other committee meetings this afternoon that we meet this evening.

Hon. Mr. CHEVRIER: I will be unable to be here this evening. I would like to meet this afternoon. I am sure the witnesses here have come long distances and would like to be heard this afternoon.

Mr. GREEN: The trouble is this, that the Atomic Energy Committee is having two very important meetings today. We had one at ten o'clock this morning, and then this afternoon we have a witness at 3.30, and he has got to go to Australia, so this is his last chance to be heard, and we simply have got to go to that meeting. Some of us at least are very vitally concerned with the shipping problem, and we would like to be here throughout all the discussion.

The CHAIRMAN: What time do you meet this afternoon.

Mr. GREEN: 3.30.

The CHAIRMAN: Could you call that meeting at 3 o'clock and have this at 4?

Mr. GREEN: I do not think they would be through.

Mr. CAVERS: Call this meeting at 4.30.

Mr. APPLEWHAITE: I would suggest if possible we might be able to meet at say 4.30.

The CHAIRMAN: All right, 4.30 this afternoon.

AFTERNOON SESSION

The committee resumed at 4.30 p.m.

The CHAIRMAN: Gentlemen, we have a quorum. I will call Mr. J. A. Lindsay, Chairman of the British Columbia Towboat Owners Association Special Committee.

Mr. J. A. Lindsay, Chairman of the British Columbia Towboat Owners Association Special Committee, called:

The WITNESS: Mr. Chairman, as representing the British Columbia Towboat Owners Association all I think it is necessary for me to do is to confirm what has been said by Mr. Bird, our counsel. We feel on the Pacific coast, in so far as tug boats are concerned, that the use of radio has been developed to a point which is much greater and which is more effective than any other place in Canada. We could not even consider operating any kind of tug boat without the use of radio communication. We are in constant communication with all of our tug boats all the time, that is, in a general sense. We talk to our boats at least four times a day, and all the boats can call us in the case of a disaster, or if it were necessary for a boat to get help of any kind, there has never been a case that I can recall since the advent of radio in the late 1920's where a boat has not been able to get help in a matter of a very few minutes or even a very few hours. There is always a great number of boats in the area and it is always possible and always has been possible to contact other boats.

The area in which we operate is about 650 miles long and not over 10 to 15 to 20 miles wide. When a boat is in operation in those waters it is almost certain to be able to contact a boat not more than 4 or 5 miles away, or even 6 miles away from it. And in the case of a boat having any trouble or distress, what you want to do is to get assistance as quickly as you can. For that reason we strongly feel that in operating our vessels, the radiotelephone is the answer both from an economic point of view as well as from the point of view of safety of life at sea.

The CHAIRMAN: Thank you.

By Mr. Low:

Q. May I ask you a question before you leave. What do you find to be the effective radius of successful transmission with a radiotelephone?—A. We talk to boats regularly from Vancouver to Prince Rupert which is 500 miles away. I would not like to suggest that in very unfavourable weather conditions it is possible to carry on a conversation which would be intelligible, you understand. But certainly in the case of distress, where you have not got to carry on a conversation, but just get out your distress call, it would not be necessary to have the boat talk to our shore station 500 miles away. Such a boat could contact other boats which are not very far away. It is more than likely that there will be boats nearer to it than the shore station which is 500 miles away.

Q. Do you find, so far as weather conditions are concerned, that the radiotelephone is effective up to 15 or 20 miles?—A. Oh yes, and much further than that.

Q. What would you say?—A. I would say 100 miles, easily 100 miles.

By Mr. Green:

Q. Are there any of your tugs which do not have radiotelephones?—A. I do not know of a single tug operating out on the Pacific coast which goes out of the harbour which is not equipped with a radiotelephone.

Mr. APPLEWHAITE: Whereabouts on the ship is the radiotelephone?

The WITNESS: In practically every case it is in the wheel house, the pilot house.

Mr. GIBSON: You mean there is a constant watch there?

The WITNESS: Yes, there is a constant watch.

The CHAIRMAN: Are there any other questions which you would like to ask of Mr. Lindsay?

Mr. GREEN: Would your association have any objection to being made subject to regulations which required a radiotelephone and regulated the use of that telephone?

The WITNESS: I would say that we feel that we do not need regulations because we are regulating ourselves, and that we do it very well. But I do not think we could object to government regulations.

By Mr. Riley:

Q. What is the production cost as between the radiotelephone and the radiotelegraph on the boats. I mean just the equipment itself?—A. I could not answer that in so far as wireless is concerned or radiotelegraphy. I do not know the cost of that equipment.

Q. What would be the unit cost of the radiotelephone?—A. From \$600 to \$1,000. It depends on the particular equipment you use. And as to the more expensive equipment, you would be putting that on the large boats.

Q. Have you any idea what it would cost to keep a radio telegrapher on the tug all the time?—A. You mean to carry an operator?

Q. Yes.—A. To carry an operator, one operator, would require a minimum of \$5,000 a year. And if you were required to carry three operators, it would mean a minimum of \$15,000. That includes the cost of carrying the operator and the cost of feeding the operator. In addition to that there are very very few tugs which have any room for radiotelegraphy equipment. You must have a separate room. You must have a room for your operator to stay in. A tug is just a vessel which is taken up by machinery, accommodation for the crew, and accommodation for fuel and stores. You do not make it any bigger than you have to. In the majority of tugs there is no accommodation or place where you could put a wireless telegraphy crew.

Q. Is there any regulation which requires that you keep a radiotelegrapher on the job in separate quarters in the same way as an officer? That is, does he have to be provided with separate quarters?—A. I cannot answer that because I do not know much about radiotelegraphy equipment.

By Mr. Low:

Q. Did I understand that the total installed cost of a radio telephone would be something between \$500 and \$1,000?—A. Something between \$600 and \$1,000.

Q. And that is the total cost?—A. The total cost of buying the machine and installing it.

Q. How much space would the whole installation take up?—A. The whole equipment would take up a space about 2' wide and 2' high. It is very compact. Your batteries or power supply are underneath in your engine room. But that is the equipment which goes into your pilot house.

Q. In the event of this section being passed and becoming law, would you still carry on with your radiotelephone equipment? Would you then need it?—A. We could not operate without radiotelephone equipment today. It could not be done from an economical point of view.

By Mr. Green:

Q. What do you do about repairs to your radiotelephone equipment? Can your masters repair your equipment?—A. The master of the engineer can make minor repairs such as replacing fuses and that sort of thing. As to mechanical repairs or things of that type, they cannot be done by the crew. But there are certain stations spread along the coast such as Vancouver, Powell River, Alert Bay, Ocean Falls, Victoria, Nanaimo, and so on, where there are technical men, and should the equipment go out of commission, you will be close enough to a station where you can get a technical man to repair it.

Radio equipment today requires very little in the way of repair. You might blow a fuse or something of that nature, and in that case your crew can replace it, because you will be carrying spare fuses. And the same thing with tubes; you could replace a tube. That can be done on board. But that is all you can do. The technical men are there spread along the coast.

By Mr. Gibson:

Q. When your boat leaves port you are not always aware at that time as to what towing there may be, are you? You may send them out for a tow of certain dimensions, but circumstances might arise and you might find that they have to pick up a raft or some other form of tow of much greater dimensions. Therefore, in order to get directions to them that would have to be done pretty well by telephone in many cases, would it not?—A. That is correct. The telephone is absolutely essential to the operation of the boat.

Q. It would not be physically possible for them to know after leaving port. They might have to hook up to a tow of 500' or 1,000' in dimension?—A. No. We might not see a boat in ten days, but in that time the boat might have made 10 or 15 tows, and all that dispatching is done by radiotelephone after the boat has left port.

Q. So you would not have time to get an Order in Council passed after your boat has left port?—A. Certainly not.

Mr. RILEY: Moreover, in the middle of the night the offices of the Department of Transport might not be open.

By Mr. Green:

Q. Clause (3), in subsection 1 of section 2 of the bill refers to the towing of another vessel of 500 tons gross tonnage or over; and in addition to such vessels, it mentions other floating objects, such as booms, I suppose. To what extent do your tugs tow vessels which would be 500 gross tons or over?—A. Out of perhaps 400 barges in operation on the coast, I would say that at least 10 per cent of them are over 500 tons. Since the last war the tendency has been towards greater and greater barges. There are barges operating on the coast now as high as 2,200 tons, and of course, there are old barges operating which are 500 tons.

Q. There are about forty such on the coast?—A. About four hundred in all.

Mr. APPLEWHAITE: Mr. Chairman, I would like to have Mr. Caton recalled so that I can ask him a few questions arising out of this.

Hon. Mr. CHEVRIER: Could we not have the examination of these witnesses over and then we can have the departmental witnesses reply if any reply is necessary. I would like to have all the representations there are from the west coast—if you don't mind, Mr. Applewhaite.

By Mr. Gibson:

Q. The tows of these dimensions—over 150 feet—would apply to Davis rafts and Gibson rafts, too, wouldn't they?—A. I would take it they would apply to a Davis raft or a Gibson raft, anything over 100 feet.

Q. Well, they are all over 150 feet.—A. Yes.

The CHAIRMAN: If there are no further questions, we will call on Captain J. M. Gillison.

Captain J. M. Gillison, Chairman of British Columbia Coastwise Operators Association Special Committee, called:

The WITNESS: On the British Columbia coast service we have some 15 ships which go from Vancouver up to the north end of the island and some of them go right up to Skagway. Some of these ships are fitted with radiotelegraph, but they are all fitted with radiotelephone, and these radiotelephones are generally in excess of the requirements of the department as we know them. The department has shown me a form in which they are intending to consider north of the international line, which is around here, up to the north end of the island, where provided we have a suitable radiotelephone, it would not be necessary to have a W.T. on board, and that is very suitable to us. From the north end of the island up to the international border, then we will require W.T. We do not think we need it, but we are quite willing to continue as we are at present, mainly as we have to have W.T. anyway in the international limits. From the international boundary up to Skagway we will continue to use W.T. in any case. On the west coast there are practically no passenger vessels now. We have in mind a small one carrying some half dozen passengers. If we have to have W.T. on that, it will practically cut out the carriage of passengers; the six passengers we would carry would make it uneconomically unsound to carry a W.T. set on board. For one thing, it would require one or two rooms to house the operators, so we would only be able to carry three or four passengers, which would hardly be worth while, so I would like the department to consider outside the island, but what the department has offered me so far is quite suitable to us.

Mr. CARROLL: You mean what the department is offering now by this bill?

The WITNESS: Mr. Caton showed me a sheet, a map, on which they outline various areas in which they think it would not be necessary to carry W.T. equipment, that is inside the island. Now, inside the island is very similar to the river St. Lawrence and I understand you do not require W.T. in that area, and we would like a similar consideration.

Mr. GIBSON: Captain Gillison, you are not speaking of tugboats now, this is passenger vessels you are referring to?

The WITNESS: I am speaking of passenger ships, passenger cargo vessels and cargo vessels. Now, none of the cargo vessels carry W.T., but they all carry radiotelephone, and we consider this sufficient for the time being anyway.

Mr. CARROLL: Are there not some places in the northern area of British Columbia where a telephone is more or less useless?

An Hon. MEMBER: Louder, please. This is not a Quaker meeting!

The WITNESS: In actual fact we have ships operating up in Skagway, a thousand miles away from Vancouver, and our own ships further south in Vancouver converse with them every night when they are in that area, they have no difficulty with them; but even with W.T. there are areas where the reception is not too good. I understand that applies also to W.T., but by and large the set works very efficiently. Just recently since Mr. Caton's last visit to the coast we took out all the smaller sets and put in non-tunable receivers on their advice and increased the power from 40 to 75, and it is the eight channel set, so we can listen in to 2182 or to Vancouver or in the north to the

American vessels, to American shore stations, and either to American shore stations or American ships, and Canadian ship to ship, and also in some cases to the fishing vessels. So we consider we have a very good coverage there.

Mr. RILEY: Captain Gillison, what has been—

Mr. HERRIDGE: Louder, please. This is not a tête-a-tête.

Hon. Mr. CHEVRIER: Nor a cul de sac!

Mr. RILEY: What has been your experience in regard to trouble breakdown on radiotelephone units?

The WITNESS: We have had very little trouble with breakdowns of radiotelephone units. If there is any trouble at all, somebody on board has always been able to fix it up. With the newer sets, the minor defects seem to be very rare. We have had no trouble.

Mr. CAVERS: We were informed this morning that on the international service a ship leaving Vancouver headed for Tacoma or Seattle would be obliged to carry W.T. Would you not consider it important, then, that a ship going north of the island would require W.T.?

The WITNESS: I said proposals by the department were that north of the island, including Rivers Inlet, we would be required to carry W.T. That is quite in order. We will continue to do so, as far as larger passenger ships are concerned, not for freighters.

By Mr. Green:

Q. Captain Gillison, you are with the C.P.R.?—A. That is correct.

Q. Under the present regulations you have to carry a wireless operator all the way from Vancouver, don't you, on your passenger vessels?—A. We carry a wireless operator on the larger passenger ships, on all the C.P.R. boats that go up there, the Canadian National boats have to also, and the Union Steamship, that is three, and they have operators on board, and I think they all do nothing else but operators' duties.

Q. Now, you are asking for a change so that you won't have to carry any wireless operator except above the northern end of Vancouver Island?—A. No, sir, north of the island we are quite happy for the next several years anyway to continue as at the present on the ships that I have mentioned, several C.P.R. vessels of the larger size, the Canadian National, and the Union Steamships vessels—these are the only ones operating there at the present time—to carry operators as at present, no change. But inside the island, south of the north end of Vancouver Island we would like to do away with the requirement of W.T. and substitute the radiotelephone, as we have radiotelephones on all our ships at the present time.

Q. Of course this brings up the question of passengers, which is quite a different matter from tugs towing booms of logs.

Hon. Mr. CHEVRIER: As far as I am concerned there is no intention of amending that section, and I do not know that we are going to amend any section, but that has been determined and I hope there won't be any attempt to change that section.

By Mr. Green:

Q. I agree with you, Mr. Minister. I think that people travelling on the coast are at least entitled to that much protection, to have the ships carry these wireless operators. For example, Ripple Rock is south of the north end of Vancouver Island and that is one of the most dangerous places on the west coast, is it not?—A. True, but I do not think the radiotelegraph would serve a much useful purpose around Ripple Rock. Anything that would happen there would happen awfully sudden and you would have to move very quickly in rescue work, and that would have to come via radiotelephone. The captain

would have to get on the telephone very fast, or some of his officers would have to, to call the various vessels in that vicinity. Radiotelegraph would have to go all the way down to Vancouver, and it would only be radiotelegraph vessels who could answer it.

Q. You carry a radiotelephone in any event?—A. Oh, yes, we carry it now. We have been improving it for some years. We are far in excess of any requirements by the department in that regard.

Q. But at the present time you do not have a special officer allocated to look after it at all?—A. Any officer who is on the bridge, and we have instructed a number of officers, especially on the vessels going north. There are two officers on the bridge at once and there is one officer who has to answer that telephone and do nothing else.

Q. Yes, but is he required to do that?—A. Yes, all the officers can do that.

Q. But there is no one whose one job it is to look after the radiotelephone?—A. You mean the upkeep?

Hon. Mr. CHEVRIER: The operation.

Mr. CAVERS: Anyone on the bridge has to answer it?

The WITNESS: Any officer on the bridge answers the phone or talks on the phone, or does anything that is required.

Hon. Mr. CHEVRIER: He is required to keep a continual watch?

The WITNESS: We require him by our own instructions to keep a continual watch.

By Mr. Green:

Q. On the west coast of Vancouver Island you say there is no need for a wireless?—A. I do not say that. That is up to the department to decide. We only have at the present time freighters running on the west coast, but we have in mind a small vessel to carry passengers from one island to another, not necessarily from Victoria, all the way up, because most of this business is done by air, but we have had requests from mining and fishermen going from one island to another, probably an hour's run. They cannot get planes for that area. We had in mind having passenger service in these waters outside of the island.

Q. How many passengers would that boat carry?—A. We had in mind six or a dozen, a small quantity. They will be day passengers, no sleeping passengers.

Q. It will only carry eight passengers?—A. Somewhere in that vicinity. It has not been decided upon yet as to whether we will even carry any passengers.

Q. You might only have a launch.

By Hon. Mr. Chevrier:

Q. What is your position here? Are you supporting the position taken by Mr. Bird?—A. Mr. Bird is joint counsel for both the coastwise operators, which I represent, and—

Q. You are not, I understand, arguing against the abolition of subsection (3) on page 3. Are you taking the same position as he is?—A. Can you enlarge on that?

Q. Subsection (3) provides for W.T. on steamships of 500 gross tonnage and upwards going on any voyage outside of the port, and to steamships under 500 gross tonnage engaged in towing another vessel of 500 gross tons.—A. I would prefer keeping away from the towing side, Mr. Lindsay having taken care of that, and to stay with the passenger boats.

Q. Now, then, let us get this clear. You are not, therefore, supporting the position taken by Mr. Bird. You are going beyond his position and

you are addressing yourself to subsection (2) which makes it mandatory for passenger ships to operate with wireless telegraphy equipment.—A. We would prefer not to have any W.T. on board a ship, but we are required to have it south of the international line and north of the international line and we are in favour of continuing that operation north of Vancouver Island.

Q. And you are also required to have it between the international line and the coast as far north as it goes.—A. That is correct. We have to have it anyway.

Q. By virtue of this amendment.—A. By the international rules we have to have it.

Q. Well, I think I understand your position. As I understand it, you are objecting to the operation of section 2 in so far as certain passenger vessels are concerned, for certain voyages.—A. In certain limits, that is between the north end of the island and the international boundary. At the south end of the island we would like to be in a position where we do not have to have W.T. operators on board and that we can work exclusively with radio-telephones.

Q. How many ships would be affected in your group by this section?—A. About 10 passenger ships and possibly about 25 freighters—that is roughly.

Q. How many of these 35 are already covered by the International Safety of Life at Sea convention?—A. They all have a radiotelephone.

Q. And how many of the 35 already have W.T.?—A. They are 50 fitted with W.T. at present.

Q. So that there would be 20 effected by this amendment?—A. More or less. Sometimes these ships run all the way to Alaska. In that case we have to have W.T. aboard. In other cases they may run down below for several months on end, and we consider it is not necessary to have a wireless operator aboard in that lower area. For instance, we have a ship called the *Princess Nanaimo* which runs from Vancouver to Nanaimo. It makes two or three trips a day. On that ship we have this 75 watt set, 8 channels, which is non-tunable so that the officers cannot listen to any broadcasts and cannot make a mistake about putting it on the radio channel, and in addition we have a F.M. set for passenger use, which passengers can use to call up anybody in Vancouver. It is a duplicate set so we have two sets on board, and we have orders in for five more.

By Mr. Green:

Q. How many passengers does that ship carry?—A. 2,000.

Q. And you want to take the wireless operator off that ship?—A. At present all we are required to have is a combination set. We have seldom ever used it except to give the odd time of arrival. The rest of the time we use the radiotelephone.

Q. And you quite often have bad fog?—A. Yes.

Q. And there is quite a lot of traffic?—A. There is a fair amount of traffic, yes.

Mr. APPLEWHAITE: May I be permitted to ask the minister a couple of questions.

Hon. Mr. CHEVRIER: Yes.

Mr. APPLEWHAITE: Clause 2 of the bill. Subsection 1 of clause 2 of the bill, introduces subsection 2 of section 406. The numbering is a little complicated. What I am getting at is this. Near the top of page 4 we have subsection 4 which refers to subsection 1 of this section, which is section 2 of section 406. In other words, if this Act is passed, am I right in believing it would still not be applicable to any coastal waters until such time as the Governor in Council had issued a proclamation that it was.

Hon. Mr. CHEVRIER: That is right.

Mr. APPLEWHAITE: That is the reverse then of the one that we were discussing this morning. It is not a question of exemption. It will require a proclamation to bring it into force after the Act.

Hon. Mr. CHEVRIER: That is to give them some time to make regulations.

By Mr. Gibson:

Q. Captain Gillison, have you ever had a failure of communications on passenger vessels on the Pacific coast?—A. On radiotelephone?

Q. No, I am speaking of communications.—A. No, perhaps you are referring to the Kathleen case.

Q. No, I am referring—A. I cannot recall any other.

Q. I will refresh your memory. Do you recall the *Tees* which used the ports around the west coast?—A. Yes.

Q. She was lost one time for ten days.—A. Yes, I believe so.

Q. And as a result of that loss all vessels in Canada had to put on power lifeboats. Is that not true?—A. Well, they do not all have power lifeboats at the present time.

Q. I understood they had. I understand that was a wireless telegraphic installation on the *Tees*.—A. That is in the early days.

Q. Not too early for me.—A. During the last five years there have been tremendous strides in radiotelephony and radiotelegraphy, so that for instance even seven years ago some of our ships were not fitted with a radiotelephone, and we were not required to fit them, but we have fitted the best we can get on these ships.

Q. But the *Tees* had only radio wireless telegraphy?—A. I am not too sure, but in view of these various accidents we have improved things to the best of our ability.

By Mr. Green:

Q. There are a lot of freighters operating into Vancouver on which the masters speak other languages, for example, Norwegian freighters, and Greek and Japanese and various ships from other nations. Are they equipped with radiotelephone?—A. No. If they run into trouble, they send an S.O.S. on regular telegraphy I presume, which we get back over the telephone.

Q. And also, if your *Princess Nanaimo* was likely to run into one of these ships in that vicinity, would not wireless be far more value that radiotelephone?—A. I very much doubt it. It is too slow. With radio-telegraphy, somebody has to stop and write it out in message form, and that all takes time. Having written it out, he has to take it to the telegraph officer, and they have to assess the charges, and finally send it out. The other man has to receive it, and write it out in a form to give to the master. In the meantime if they have telephones, and we all have, the whole thing is finished in a few moments.

Q. But only local ships have telephones. Big freighters do not have them.—A. I am not sure. Some have, some have not.

Q. They are in and out of the harbour, and through the gulf all the time?—A. There is an international channel and they use it all the time.

Q. And they go up to the north end of the Island?—A. That is quite correct.

Q. They ply in the same shipping lanes up to the end of Vancouver Island as your passenger ships would to a great extent from Vancouver.—A. The majority go right outside the Island. They do not like going through the inside passage.

Q. But some do?—A. Yes, some do.

The CHAIRMAN: Any further questions? I call on Mr. S. D. Clarke, general manager of the Clarke Steamship Company Limited, of Montreal.

Mr. S. D. Clarke, General Manager, Clarke Steamship Company Limited, Montreal, called:

The WITNESS: I am S. D. Clarke, general manager of the Clarke Steamship Company Limited, Montreal. I am representing our own company and I have also been authorized by Mr. Leopold Langlois to represent him, as he represents the coast operators, the schooner operators on the St. Lawrence. In so far as this bill is concerned, we approve its application in so far as it applies to making the international convention on safety at life at sea applicable to Canadian vessels. Furthermore, we also agree that further precautions must be taken to safeguard the Canadian vessels when operating in coastal waters—that is, additional to international requirements—and that seems to be the object of the bill.

The only place where we seem to have a difference of opinion, and that may come out later in regulations, is in the method or tool by which this safety is achieved. The safety here is envisaged, as I see it, by wireless telegraphy, which means key operation, and we feel that this safety can be achieved by the means of radiotelephone.

Our own experience lies in the direction of radiotelephone. There are at present no regulations which tell us what to do. In the old days we had to use wireless telegraphy where we thought that necessary, and that has all been superseded and now our vessels have radiotelephones in use.

I think the arguments as to the advantages of the radiotelephone have been very ably presented already by Mr. Bird, and the other persons who gave evidence here this afternoon.

However, there are just two points I have to add. The first one has already been touched upon, and that is the time it takes to pass a W.T. message. It was mentioned a few minutes ago. You have a captain on the bridge who is trying to find out what is going on, or he has struck another vessel, or come into collision, and he has to try and read a message on the bridge which might be in darkness in order that he can see other ships. He reads that message and passes it on to somebody who runs down to the radio shack or cabin. That message can be passed by telephone between the bridge and the radio cabin. That is another method, but in any case, he must communicate with another man, the wireless operator. That man may or may not get the message clearly. He then turns around and passes the message by wireless telegraph. Another ship or a shore station will have to get that message which is in the international code, write it down before anybody understands it, and pass it to the master of the ship. That involves quite a bit of time. In the case of our own company operating in the gulf we operate passenger ships there—they had a collision in fog, and felt the collision was due to the fact that they had wireless telegraphy on the ships, and subsequently all the ships were equipped with radiotelephone as well as wireless. They felt that the only quick way to send a message was by radiotelephone.

The second point I would like to make is that we all envisage passenger ships as being like the Queen Mary or the New Amsterdam or something like that. But here it must be remembered that under international law a passenger ship is one that carries more than 12, and under Canadian law a passenger ship is one that carries more than one passenger. That ship might be a small ship, suitable for its purpose, but not suitable for going to England.

We had a ship 200 feet long which plied international waters and which required wireless installation, and the installation only had to be good for 100 miles to fulfil international regulations, and the Canadian Marconi Company, who are a competent wireless company, had the greatest difficulty in equipping that ship with a wireless set.

I am not a technician, but I know they had trouble in getting the necessary type for this ship, because the ship was very low, and they could not get a high aerial and it was not very long, so they could not fit a long aerial, and they had difficulty in meeting the requirements.

We have had no trouble in reaching 100 to 200 miles with a radiotelephone of a much smaller capacity. I do not know for certain, but I feel sure that wireless telegraphy can be installed by vessels under 200 feet. I do know they can be equipped with radiotelephone. It is merely a question of keeping to the fulfilling of the Act.

I think also we must remember that some of these passenger ships are really small ferries, and if you apply the Act exactly the way it is written—although as I said before, there is scope for dealing with that by regulation—but if apply it to ferries going across the mouth of the Saguenay, you would require that ship to have a wireless telegraph which I do not think is necessary. Possibly it should have a radiotelephone.

We are very much in favour of this strengthening of the Act. We have placed radiotelephones on our ships. We think that this aspect of it should be investigated, and that all ships should be assured that they have them.

I do not think there is very much more I can add. It really is the method by which this safety is going to be achieved that we are talking about.

By Hon. Mr. Chevrier:

Q. You have never had too much trouble with the method by which the Department of Transport puts into operation the regulations on the north shore.—A. No, Mr. Minister. We have always been able to meet with them and discuss the matter.

Q. On the whole I see you are not objecting to the subsection 2.—A. I think that subsection 2 was mentioned before, that subsection 4 on page 4 would apply and I presume when it is applied it can be applied to certain sections which require it.

Q. It is the intention, yes.—A. There is only one thing, if you will pardon me, which is from a safety point of view. I do not think we should take an area and say the Act will not apply to this area and have nothing there. I think it should say wireless telegraphy does not have to apply but you must have radio telephone.

Q. I agree. The purpose of this whole thing is to prevent accidents as much as possible and make it easier to communicate with headquarters in the case of collision or urgent necessity. I think your contribution has been very thankful.

Mr. GIBSON: Mr. Chairman, are you through with the outside witnesses on your list?

The CHAIRMAN: There is still one more. We will call Mr. Peter Wright, counsel for the Dominion Marine Association.

Mr. Peter Wright, Counsel for the Dominion Marine Association, called:

The WITNESS: Mr. Chairman and gentlemen, my name is Peter Wright. I am appearing as counsel for the Dominion Marine Association which is an organization of the Canadian Lake Ship Owners. There are about 25 ships owners in the association. They have about 200 ships varying in size from over 1,000 tons to a little over 13,000 tons and they have about 75 per cent of the Canadian vessels on the Great Lakes. I think that I should say that it is this association which has recently been conducting the school at Toronto for the training of operators for the radiotelephone. And that is a very proper introduction to the point of view that I wish to put forward which is that this

association and the lake owners generally, both in Canada and the States, are convinced that for their operations radiotelephone is the answer. It is now on every lake ship in the normal lake trade. I do not think there is any doubt that it has been a very important factor in the low collision record that there has been since its adoption in the lakes, and anyone who has seen that tremendous lake trade going on the last years will know that radiotelephone is the way that the lake freighters operate. I do not need to dwell on that because that fact has been recognized by the governments of Canada and the United States by the completion of the treaty which is referred to in the notes to the Act opposite page 4. It is officially the agreement for the promotion of safety on the Great Lakes by means of radio which was made between Canada and the United States on February 27th, 1952. Now, that treaty has the enthusiastic support of the lake owners, and for convenience I would like to refer to it as the Radio Lake Treaty. Our position before the committee I hope will be evident to be a positive one. Any objections that we have to this legislation are that we regard the imposition, for the over-all safety precaution in Canada, of wireless telegraph as a step backwards because the great thing that is providing for safety on the lakes today as well as other places is radio telephony. What we would like to see is a declaration that in the inland waters of Canada and in the lakes and rivers and coastal waters of Canada radiotelephony should be recognized as the basic safety precaution. It is recognized by the treaty.

Now, I would like to point out why we are a little disturbed about this legislation, and it arises because of some features of the lake trade with respect to which I would like to illustrate. Generally speaking there are over 600 ships on the lakes making one of the largest movements of cargo that is moving in any sphere in the world backwards and forwards not only in the lakes but in the lower St. Lawrence river. Now, owing to the size of the canals the lake trade divides into two and for our purposes we have the upper lakers which are the larger ships of 13,000 tons carrying huge cargoes of grain or coal or ore up and down the lakes Superior, Huron, Erie and Ontario and are able to do it because of the size of the locks at Sault Ste. Marie and Welland which permit draughts of 26 feet. But, I need not tell this committee that when we come to the canals on the lower St. Lawrence and at the end of Lake Ontario—

Hon. Mr. CHEVRIER: The Ontario-St. Lawrence canals.

The WITNESS: Thank you—there is a draught of 14 feet and on those canals they operate canalers all of which are under 5,000 tons, and those canalers carry a great deal of this cargo which has been brought down the lakes by upper lakers and carry it to Montreal and other points on the lower St. Lawrence, and many of them on their return trips bring back cargoes from the lower St. Lawrence and as far east as Corner Brook and Seven Islands and many timber stations along the lower St. Lawrence river.

Now, under the law as it stands without this amendment the canalers are all under 5,000 tons so that if you look at section 406 which is being amended, subsection 2, you will see that clause (b) reads—I am reading at the bottom of the comment opposite page 3:

This subsection shall also apply to all other steamships of five thousand tons gross tonnage and upwards going on any voyage which is or which includes a voyage of more than two hundred nautical miles from one place to another place.

Consequently under the present legislation the canalers which generally speaking run to Montreal and then down the lower river are not affected by the present legislation at all, but they are affected by this statement in subsection 3 of the bill. That subsection 2 also applies to all other steamships of 5,000 tons gross tonnage. That is a significant change and I would like to

deal with it later. Then, I would like to point out that clause (c) of the present section 406 which is the last clause on the comment opposite page 3 reads as follows:

This subsection shall not apply to steamships plying on the rivers of Canada, including the River St. Lawrence as far seaward as a line drawn from Father Point to Point Orient or on the lakes of Canada other than lakes Ontario, Erie, Superior, Huron and the Georgian Bay.

Now, I do emphasize that that clause has been dropped in the new legislation before you and I would point out that as far as vessels of more than 5,000 tons operating on the lakes are concerned there is an order in council, P.C. 1087, dated April 22nd, 1948, which exempts cargo ships registered in Canada of 5,000 tons gross tonnage and upwards going on any voyage on the Great Lakes over 200 miles. So the situation before this legislation is passed is that all the vessels on the Great Lakes and operating down the lower St. Lawrence are not subject to it. And they would engage in that trade normally in international voyages.

Now, I would like to refer if I might to the treaty and to point out that in the treaty the distinction between the Great Lakes and other waters is made at the lower end of the Lachine canal. In the Lake Radio Treaty Great Lakes means all the great lakes which are connecting and tributary waters and the river St. Lawrence as far east as the lower exit of the Lachine canal to the Victoria Bridge at Montreal. And, as I shall show you, in the Convention for the Safety of Life in 1948, there is a similar distinction. That distinction does not arise because it is either safer or more safe on one side or the other side of that line, it arises because the navigation rules to the west of the lower end of the Lachine canal are different from those which obtain in the river St. Lawrence and the open sea, and I understand that is why that particular distinction has been arrived at in much of the legislation.

Now, while I am referring to the Lake Radio Treaty I would like to point out that the whole purpose of the Lake Radio Treaty is to make it obligatory on Canada and the United States in the Great Lakes as defined to have efficient radiotelephone communication at all times and in order to make it obligatory in this bill at the top of page 4 is a provision which says that "the Governor in Council may be regulation, to the extent and upon such terms and conditions as he may prescribe, provide that any ship navigating on the Great Lakes or on the River St. Lawrence above the lower exit of the Lachine Canal and the Victoria Bridge at Montreal shall be fitted with a radiotelephone installation." There is no "may". It is not permissive. And the policy behind that and the policy to which my clients are firmly attached is that that is the way that this problem of safety of life is being handled on the lake vessels, and therefore when we look at subsection 3 on page 3 and see that it is necessary to have a radio installation to comply with the provisions of the Safety Convention applicable to ships fitted with a radiotelegraph installation, we say why? What is the reason? Surely the Lake Radio Treaty which was negotiated for this very purpose has disposed of the problem so far as the Great Lakes are concerned and the wide application of section 3 to the lakes is not required.

I would like if I may to say something about the provisions of the Safety of Life at Sea Convention of 1948 which were considered and were inserted as a new schedule to the Canada Shipping Act by legislation of parliament in 1950.

Under the general provisions of that convention it says in the first regulation—Unless expressly provided the present regulations apply only to ships engaged on international voyages. Then it defines an international voyage as being a voyage from a country in which the present convention applies to a port outside such country. And I think it is quite evident from the trade that

the lake ship owners are engaged in that the 1948 convention does not, in its terms, affect them. And to a degree that is made even clearer by regulation 3 which reads:

Notwithstanding any provision or present regulations, nothing herein shall apply to ships solely navigating the Great Lakes of North American and their many tributary waters as far east as the lower exit of the Lachine Canal at Montreal in the Province of Quebec.

And under regulation 4 there is provision for exemption. I have dealt with these treaties briefly in order to establish my point that Canada, as I respectfully understand it, is under no obligation imposed by those treaties to do more than is being done at the present time.

Mr. CARROLL: What is your objection then to the bill so far as the Great Lakes are concerned at the present time? Is there any change in it at all?

Hon. Mr. CHEVRIER: You have no objection to it, as I understand it?

The WITNESS: No, not to the application of the treaty. But I say if the treaty is to be applied it seems curious that, in the same bill, radiotelegraphy shall be the basic rule, and that in order to carry a radiotelephone in the Great Lakes we have to apply for exemption.

Hon. Mr. CHEVRIER: I think I can explain the reason for that, perhaps not to your satisfaction; but as I understand it, the exemption was made to the operation of ships on the Great Lakes by way of the exchange of notes between Canada and the United States, or by way of an agreement between Canada and the United States. Because on the inland operation, the radiotelephone, I think, is perhaps more satisfactory in the Great Lakes than it would be on an international voyage. My understanding is that the International Convention on the Safety of Life at Sea makes wireless telegraphy mandatory, and when you leave the Victoria Bridge and go out into the Saint Lawrence river which widens into the gulf, then it becomes almost, in some cases, a sea voyage, in which case the radiotelephone does not operate as satisfactorily. But radiotelegraphy does operate satisfactorily. That seems to me to be the explanation which our people give.

I know that you are arguing against that, but my understanding of your position is that you are perfectly satisfied with this conclusion which has to do with the operation of the radiotelephone on the Great Lakes. You have no objection to that, but you do object to the mandatory installation of wireless telegraphy east of the Victoria Bridge.

The WITNESS: And also the fact that the legislation at present requires it in the Great Lakes unless we secure a certificate of exemption.

Hon. Mr. CHEVRIER: I think I gave an answer to that. We are bound by an agreement with the United States to see to it that the installation of the radiotelephone is mandatory and not to grant an exemption there.

The WITNESS: I cannot dispute that. But I am saying, however, that subsection (3) of the bill is contrary to the spirit of the engagement between Canada and the United States with regard to the Great Lakes because it says that all vessels and all steamships of 500 gross tonnage shall have the radiotelegraph.

Hon. Mr. CHEVRIER: Mr. Matthews tells me that there was no intention whatever of applying that subsection to the Great Lakes, and that the intention of that subsection was to catch those people—perhaps I should not use the word “catch”—but to include those people on the west coast, so that their tug boat operations would be covered by that section.

The WITNESS: Our point would be satisfactorily met by one or other of the suggestions we have made; but whether it was the intention or not it seems to me that if this bill is passed the lake owners would have to apply

for a certificate of exemption under 4 because the legislation says that he must carry it. There is no limitation in the legislation, and that is one of the things in the summary which I have produced to the committee.

I would like to see something enacted in which parliament says this does not apply to the Great Lakes, instead of parliament saying that the radio-telegraph is absolutely basic. Then, if the Governor-in-Council chooses to exempt, well and good. But it seems to me when parliament is considering a matter which has been subject to international agreements it should consider carefully, in enacting legislation which in turn is opposed to it, even though it uses the device of the Order in Council to give it an "out".

Mr. STUART: Is it not a fact that the great worry about this legislation is that it would be necessary, in your opinion, to train telegraph operator, whereas the radiotelephone is such a simple apparatus that anyone can use it?

The WITNESS: No. I would prefer to put it this way, and I say this with great respect. It seems to me that business of parliament in a matter of this kind is to deal with things that ought to be dealt with.

Hon. Mr. CHEVRIER: Do you not think you had better leave that to us, Mr. Wright?

The WITNESS: I put it respectfully.

Hon. Mr. CHEVRIER: I know.

The WITNESS: I put it this way: I know of no failure in this respect to which I can refer, and I know of no accident. I know of nothing that is crying out for this remedy. There is nothing to be remedied.

By Hon. Mr. Chevrier:

Q. I will tell you something to be remedied. I take a trip each year on the North Shore of the river St. Lawrence, and sometimes on the South Shore. I do a lot of telephoning and I can tell you that at a distance of 100 miles the telephone service is just terrible. And I am not the only one to make that statement. There are officers of the department who are with me and they will substantiate it. I tried to speak to somebody as close as Anticosti Island when I was below the Island of Orleans and I could not hear what was being said. Moreover, the weather was perfect. If anybody comes here and says that you can operate a telephone service over an area of 200 miles, perhaps that may be so on the west coast. I have had no experience there and I could not attempt to challenge such a statement. But I certainly could challenge it with respect to the North Shore of the St. Lawrence river where repeatedly I have had it happen.—A. I quite agree, Mr. Minister, and in the neighbourhood of Anticosti that is a very special case in the Dominion of Canada. There is a similar case in Lake Superior, but I do point out respectfully that a huge trade has been carried on quite satisfactorily, and I appreciate the minister's difficulties and embarrassments, but I know of no case and I have heard of no case where there is any question of life at sea involved in this matter in those waters.

Q. Well, how many ships, for instance, would this amendment affect? There are no new canallers being built at the moment, and how many canallers operate east of Victoria bridge?—A. Would you be able to give an estimate of that, Mr. Donald?

Mr. DONALD: I would imagine 25 canallers would be involved.

Hon. Mr. CHEVRIER: Thank you. Well, out of 200 ships that is not very many.

Mr. GREEN: What effect would it have on the picture if the St. Lawrence waterway was built and oceangoing vessels would start going up into the Great Lakes?

Hon. Mr. CHEVRIER: Well, I think that would be another question altogether. It would have some effect on it.

The WITNESS: I am quite unable to prophesy what would be the movement.

Mr. GREEN: That would affect the whole question, would it not?

Hon. Mr. CHEVRIER: I think so, and we would have to look at that again at that time, but since the St. Lawrence waterway is a project which will take five or six years to build when that decision has finally been taken, we can look at it then, but meanwhile we feel that these amendments should be brought forward.

The WITNESS: May I just address myself to the practical difficulties so far as these canallers are concerned. The canallers were relatively old ships that were built in the days before the present demands for crew were being met, and I think I can say with confidence that there is not on the canallers any more than on the tugs that were referred to this morning the space for the additional crew, and it presents a very serious practical difficulty if it is absolutely necessary to find that space. Then obviously the vessel would either have to be changed or stop taking part in the trade, but it is not something that can be done readily or easily or cheaply or efficiently.

Mr. CAVERS: Mr. Wright, what is your range of good hearing on the lower St. Lawrence? The minister has referred to the fact that he had difficulty there. Within what range can you hear well?

The WITNESS: I am sorry, I am not in a position to say.

Mr. STUART: I think the answer to that, to a great extent, is this, and that is, as I explained this morning, you will find one ship equipped with radiotelegraphy, whereas you will find 50 equipped with radiotelephones, and even with a hundred-mile radius it will be very usual during the shipping season for you to find ships within that 100-mile radius equipped with radiotelephones, whereas you would not be able to find one equipped with radiotelegraphy. I am just speaking from experience. On the east coast the radio telephone—and there is no doubt about it—is the answer to the problem.

The WITNESS: Well, gentlemen, I would simply like to draw your attention to paragraph 5 of the summary. There are five ways in which we suggest that our point could be met if it were thought fit to meet it. The first is to substitute for the words "five hundred" in subsection (3) the words "five thousand" which, I explained to you, would leave us in the same position we are now in. (d) would be to drop subsection (3). (c) would be to retain the gist of clause (c) of subsection (2) of the original Act as a proviso to subsection (3) reading as follows:

Provided that this subsection shall not apply to steamships plying on the rivers and lakes of Canada including the Great Lakes and the St. Lawrence River and Gulf as far seaward as the west coast of Newfoundland;

I have chosen that because that is as far as where the trade is now going. (d) for the words "outside of a port" in subsection (3), substitute the words "engaged on an international voyage". (e) By defining in section 3 more exactly the particular vessels it is meant to affect. Here we have all these people coming up and saying: "Do you mean us?" and it seems, with respect, that the last suggestion does offer a reasonable solution. There is simply one further point I would like to make. I am not in a position to enlarge on it, but I think that with the international treaties as they now stand, if we make the conditions heavier for Canadian ships under the Canada Shipping Act as it now is, it will enable American ships to operate in these waters without some of the equipment we would be requiring under this for Canadian ships.

Hon. Mr. CHEVRIER: Mr. Chairman, if I may, it is now a quarter to six, and it looks as if we cannot complete this tonight. I have a few suggestions to make. Dealing first of all with the representations which have been made

by Mr. Bird, it may be that a point has been made by those representing the British Columbia Towboat Association, and I would like to give consideration from now until tomorrow morning at 11 o'clock as to whether or not an amendment might be provided to meet that position. It may well be that that can be done. I have also listened carefully to what Captain Gillison has said and I would not be prepared—and say this to you, sir, respectfully—to amend that section which would provide for radiotelephone operations only on passenger ships on the west coast. I think that this amendment was drafted with an end in view to protect life at sea, and also it was given pretty careful consideration by this committee some two years ago, when I said we would look into it to see if we could not find some ways and means of meeting representations that were made then. However, I am not adamant on it. I think perhaps we could even look at that, but I do not feel well disposed towards it. Then the third representation made by the Dominion Marine Association and for whom Mr. Peter Wright so ably presented the case, I do not think that his position is prejudiced in the slightest because there are actually 20 ships involved, and they are all operating east of the Victoria bridge, and they can well be covered by exemption. However, again, there I do not want to be adamant, and what I suggest is that the counsel for the department, Mr. Matthews, and those associated with him, meet with Mr. Bird and Mr. Wright, and Captain Gillison, and see if from now until 11 o'clock tomorrow morning it is not possible to bring in an amendment which will meet the representations made and which would satisfy most of the committee members.

Hon. MEMBERS: Hear, hear.

The CHAIRMAN: Mr. Gibson would like to speak for a few minutes.

Mr. GIBSON: I think we have a very valuable witness here, an expert in communications and a consultant to the Minister of National Defence who has been here for a considerable portion of the time. I think perhaps you would like to hear him. He will be very brief. Mr. Tupper.

Mr. TUPPER: I do not believe it is necessary with this arrangement as it is.

Hon. Mr. CHEVRIER: Thank you very much, and I welcome your assistance to counsel if you care to give us the benefit of your experience sir.

Mr. RILEY: Could I suggest, Mr. Minister, that when this discussion takes place between Mr. Matthews and representatives of the West Coast Towboat Company, that consideration be also given to specific exemption for these vessels carrying out towing operations on the Atlantic coast. There are not many involved, but this subsection 3 has occasioned considerable concern among operators there.

Hon. Mr. CHEVRIER: I should think that any concession given to the west coast should also apply to the east, whether by legislation or exemption, I do not know, but I would rather have it looked into.

Mr. RILEY: They would prefer that the exemption be specifically mentioned in the legislation. It would relieve them of considerable concern for the future.

Hon. Mr. CHEVRIER: I will ask our people to keep that in mind.

The CHAIRMAN: All right gentlemen, 11 o'clock tomorrow morning.

Mr. HERRIDGE: Could I ask one question. Do these regulations regarding wireless telephone apply to minor waters.

Hon. Mr. CHEVRIER: Arrow Lake.

Mr. MATTHEWS: I should think that they would apply to all waters, but not to minor waters. They apply to inland waters, certainly, but I should not think ships of this size would be on minor waters.

EVIDENCE

MARCH 31, 1953.
11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum and I think the minister would like to make a statement.

Hon. Mr. CHEVRIER: Mr. Chairman and gentlemen, following the suggestion which was made last night, the counsel for the department met with various other groups and I understand from Mr. Matthews that certain amendments will be offered this morning which I have before me and which I understand meet with the approval of the counsel.

My suggestion is we deal with the bill clause by clause and when we come to these amendments I shall read them and perhaps we could get the reaction of counsel who are making representations here on behalf of the various parties, if that is agreeable?

Agreed.

The CHAIRMAN: Any questions on clause 1?

1. (1) Paragraphs (a) to (f) of subsection (1) of section 114 of the *Canada Shipping Act, 1934*, chapter 44 of the statutes of 1934, are repealed and the following substituted therefor:

- “(a) if the steamship is a foreign-going ship, of one hundred nominal horse power of upwards where the propelling machinery is compound steam engines, or of forty-five nominal horse power or upwards where the propelling machinery is of any other type, with at least two engineers, one of whom shall be a first class engineer, and the other at least a second class engineer, duly certificated;
- (b) if the steamship is a foreign-going ship, of less than one hundred nominal horse power where the propelling machinery is compound steam engines, or of less than forty-five nominal horse power where the propelling machinery is of any other type, with at least one engineer, who shall be at least a second class engineer, duly certificated;
- (c) if the steamship is a foreign-going ship, solely employed in fishing, of more than twenty but of not more than seventy-five nominal horse power where the propelling machinery is compound steam engines, or of more than ten but not more than twenty-five nominal horse power where the propelling machinery is of any other type, with at least one engineer, who shall be at least a third class engineer, duly certificated;
- (d) if the steamship is a home-trade, inland waters or minor waters passenger ship, of more than forty-five nominal horse power where the propelling machinery is compound steam engines, or of more than fifteen nominal horse power where the propelling machinery is of any other type, with at least one engineer, who shall be at least a second class engineer, duly certificated;
- (e) if the steamship is a home-trade, inland waters or minor waters passenger ship, of not more than forty-five nominal horse power where the propelling machinery is compound steam engines, or of not more than fifteen nominal horse

power where the propelling machinery is of any other type, with at least one engineer, who shall be at least a third class engineer, duly certificated, or, if the ship is of the nominal horse power in respect of which a temporary engineer certificate may be issued under the provisions of section one hundred and twenty-five, an engineer with a temporary certificate;

- (f) if the steamship is a home-trade, inland waters or minor waters ship, other than a passenger ship, of more than seventy-five nominal horse power where the propelling machinery is compound steam engines, or of more than twenty-five nominal horse power where the propelling machinery is of any other type, with at least one engineer, who shall be at least a second class engineer, duly certificated;
- (g) if the steamship is a home-trade, inland waters or minor waters ship, other than a passenger ship, of more than twenty but not more than seventy-five nominal horse power where the propelling machinery is compound steam engines, or of more than ten but not more than twenty-five nominal horse power where the propelling machinery is of any other type, with at least one engineer, who shall be at least a third class engineer, duly certificated."

(2) This section does not apply in respect of a steamship that is provided with engineers all of whom obtained their certificates of competency as engineers before the coming into force of this section.

(3) This section shall come into force on a day to be fixed by proclamation of the Governor in Council.

Mr. MATTHEWS: May I speak on clause 1. There is a change which the Department of Justice has recommended. It is on page 2, line 37. This is the subsection which protects engineers who now have certificates, and the Department of Justice has suggested the words "all of whom" be struck out and the word "who" be placed in substitution. The reason is that in some ships they have a number of engineers, maybe three and four, and it was felt the word "all" is too restrictive.

Mr. GIBSON: What size of ship would have a forty-five nominal horsepower engine? As you know, first-class engineers are not too readily available and I am wondering what size of motorship would require a first-class engineer?

Mr. CUMYN: That would be a ship having an engine of approximately 2,500 brake horsepower. That might be approximately a 12,000-ton ship.

Mr. GIBSON: You think a heavy diesel engine would be something about 2,500 horsepower?

Mr. CUMYN: Yes.

The CHAIRMAN: Will clause 1 as amended carry?

Carried.

Clause 2?

2. (1) Subsection (2) of section 406 of the said Act is repealed and the following substituted therefor:

"(2) All passenger steamships, whether registered in Canada or not, other than passenger steamships of not more than sixty-five feet in length (measured from end to end over the deck exclusive of sheer), that are not within subsection one of this section shall before leaving any place in Canada on any voyage outside of a port, unless exempted

under the provisions of this Act or of the regulations made thereunder, be fitted with a radio installation complying with the provisions of the Safety Convention applicable to ships fitted with a radiotelegraph installation, and shall carry such operators with such qualifications who shall keep such watches as the Minister may prescribe, and while keeping such watches operators shall not engage in any other duties that in any way interfere with the keeping of watches.

(3) Subsection two also applies to all other steamships of five hundred tons gross tonnage and upwards going on any voyage outside of a port and to steamships under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more, unless the vessel so towed complies with the requirements of subsection two.

(4) The Governor in Council may upon such terms and conditions as he may see fit exempt from the obligations imposed by subsections two and three of this section any ship or class of ships if he is of the opinion that, having regard to the nature of the voyage in which the ship is engaged and the radiotelephone installation on the ship, or other circumstances of the case, the provision of a radiotelegraph installation or the operation thereof is unnecessary or unreasonable."

(2) Section 406 of the said Act is further amended by adding thereto the following subsections:

"(5) The conditions of operation of the radio installations on board any vessel covered by this section shall comply with the Radio Regulations annexed to the International Telecommunication Convention in force.

(6) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that any ship navigating on the Great Lakes or on the River St. Lawrence above the lower exit of the Lachine Canal and the Victoria Bridge at Montreal shall be fitted with a radiotelephone installation."

(3) Subsections (3) and (4) of section 406 of the said Act are renumbered as subsections (7) and (8) respectively.

(4) Subsection (1) of this section shall not come into force on, or in respect of, any sea or inland water of Canada until proclaimed by the Governor in Council to be in force on, or in respect of, such sea or inland water.

Hon. Mr. CHEVRIER: In clause 2, subsection 3—that is subsection 3 on page 3—this amendment is being suggested: That subsection 3 be stricken out altogether and that in lieu thereof there be inserted this subsection which will read as 3:

(3) Subsection two also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage.

Now, I understand that that meets with the approval of Mr. Bird.

Mr. BIRD: That is correct.

Hon. Mr. CHEVRIER: And he says it does. That is the only amendment to clause 2 on that page.

Mr. GREEN: In other words you strike out all the reference to tugs towing a boom.

Hon. Mr. CHEVRIER: Yes. Then the other amendment to clause 2 is on page 4 and it is by striking out subsection (6), the one beginning with the

words "The Governor in Council may . . .", and in lieu thereof substituting the following:

(6) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

(a) a ship navigating on the Great Lakes or on the River St. Lawrence above the lower exit of the Lachine Canal and the Victoria Bridge at Montreal,

(b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and

(c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more

shall be fitted with a radiotelephone installation.

That is to meet the objection of all other organizations here with the exception of Captain Gillison and I understand that meets with the approval of the Dominion Marine Association.

Mr. WRIGHT: Yes.

Mr. GIBSON: Mr. Chairman, I see you have left this clause in here "passenger steamships not less than 65 feet in length" in section 2.

Hon. Mr. CHEVRIER: Yes.

Mr. GIBSON: I can understand the minister's difficulty with this and I sympathize with him, and he has a valid point. Mr. Green yesterday made the point about these foreign ships coming in fitted with radiotelegraph and perhaps would not be able to communicate and in some cases they might not even be able to speak English, but I understand that does not apply because naturally the ships have pilots on them when travelling in our waters and are able to converse with our local vessels.

When we look at the whole history of marine accidents on the Pacific coast where passengers' lives were lost we will have to go back to the Gulf Stream. I think the only instance where we lost any lives in recent years was in the case of the Gulf Stream which was one of these small navy surplus type of vessels. In that case, as you realize, Mr. Green, the loss of life had nothing to do with the calling for assistance. They hit Dinner rock and drowned the passengers in the aft cabin and if they had had a wireless shack on it, it would have been inundated too. There has been no other instance on the Pacific coast in recent years where we have lost any lives on a boat. Their difficulty out there in losing lives seems to be when we get up in the air. I do not know whether in that case we should suggest they put on wireless telegraph. It seems that we take these passengers up in the air and do not give them a lifeboat or very much of anything.

Hon. Mr. CHEVRIER: We cannot deal with air passengers in the Canada Shipping Act very well.

Mr. GIBSON: If we were to demand that radiotelegraph operators be carried on every small boat on the Pacific coast, I know as far as my people in Comox Albernie are concerned it would be a hardship; they are not going to get any passenger service. A passenger ship comes in many cases once every two weeks and I know the economics of the case are such these small vessels are losing money even under present circumstances. On the west coast of Vancouver Island we have not had passenger service for almost a year. I sincerely trust when these exemptions are applied for that you look at the whole economics of the thing and be as generous as you can with due regard to safety. If you were to insist that these small boats over 65 feet in length that are providing our only passenger service out there must have radiotelegraph, you are

going to put them out of business and my people are either going to have to row a boat or swim. I do not think we have put anybody out of business so far.

Hon. Mr. CHEVRIER: I think I can give you assurance we will look at these exemptions with all consideration to the economics of the matter.

Mr. GREEN: I think we should place stress on the saving of life rather than on the economics; that should be the main consideration. I quite realize that some of these shipping companies lose money at times and can save money by doing away with their wireless operators and perhaps in 99 cases out of 100 no adverse result would follow. But, we have a very dangerous coast. Within the last year two of the largest passenger ships on the coast have been involved. The *Princess Kathleen*, flagship of the C.P.R. fleet, was sunk and there might very well have been a loss of several hundred lives in that sinking. The *Prince George*, flagship of the C.N.R. fleet, very nearly ran aground with very serious consequences, and had it not been for the skill of the master I think that would have happened. There again there might have been hundreds of lives lost.

There is always going to be a wish on the part of the operators that they could do without the expense of this wireless service, but I do not believe that the development of radiotelephone has yet reached a point where the wireless protection can be wiped out. And I think in the interests of the public at large that the minister was quite right in the stand he took yesterday against doing away with wireless on passenger vessels. I am not particularly concerned about the cargo ships, but I do think the department cannot be too careful in the case of passenger vessels. After all if there is an accident and several hundred people are drowned, the blame will be right back on the Department of Transport and I would hope they would err, if they have to err, on the side of protecting life on our coast rather than making the economics of the situation a little better for the operating companies.

Hon. Mr. CHEVRIER: I am glad that point has been raised because I would not like the committee or anybody else here to go away from this meeting with the impression that we put sections in the Canada Shipping Act and then do not intend to enforce them but simply see them eaten away with exemptions. That is not the intention of this section. It is not my intention to operate it that way, nor is it the intention of the officers of the department. It is put in there for the purpose of seeing that it is put into effect.

Now, there are occasions when exemptions should be granted. As I stated in the House of Commons, in view of the situation in Newfoundland because of the terms of the union many of the operators, mates, masters and others, were not able to abide by the terms of the Act. I think under those circumstances it is fair that certain exemptions be granted having regard to all the circumstances. In the case of the regulations having to do with fire prevention we made those pretty stiff and fortunately there has been no recurrence of the fire that took place two years ago. We have had, however, to relax those strict regulations because certain ships would not have been able to operate at all. I can think of some in certain parts of Ontario and Quebec and some in other parts of Canada that would not have operated had we not made exemptions, and I presume in this section we will meet the cases on a meritorious basis. But we have a board of steamship inspectors one of whose members you saw in action yesterday and again today, Mr. Cumyn, and Mr. R. C. Blyth. They do not make their recommendations lightly; they do it after going into them carefully and after receiving reports from the inspectors out in the field. A number of exemptions are tabled in the House and I do not think they are too numerous. I do not think it can be said we are too lax in granting them. But I repeat again that the intention of the officers of the department in putting these sections in the Act is to make sure they will be respected.

Mr. GIBSON: I appreciate what you say, Mr. Minister, but when Mr. Green talks about the loss of two or three hundred lives—and that is a lot of people—we have aeroplanes packing fifty or sixty people and there are no sure safety devices on them at all. However, I am thinking mainly of the small boats that ply the inland coasts and I find that my people are not getting any service as far as passenger steamship service is concerned. Everyone seems to think that because a person is in the steamship business he must have the financial resources of the C.N.R. but that is not the case. I am not speaking for myself, but I just want to point out that there are a lot of vessels out there that are providing a service to those small communities and they simply cannot operate if they are saddled with an extra ten thousand a year or something in that magnitude unless they are able to use radiotelephone.

Now, the minister says he will consider all the aspects of the situation and I am quite prepared to accept that because I know he is very fair on matters of this kind, but I just do not want it left so that as far as radiotelegraph is concerned it is mandatory on all these vessels.

The CHAIRMAN: Shall clause 2 as amended carry?

Carried.

Clause 3?

Mr. MATTHEWS: Before you deal with Clause 3 I should like to speak to a couple of amendments that have been circulated. The Act now provides in Section 411 and 412 for a radio receiving set licence and I think these two sections should be amended by striking out those words radio receiving set or private receiving station and that is the whole purpose of the amendment which has been circulated. I will read it:

On page 4 insert the following clause as clause 3:

3. (1) Section 411 of the said Act is repealed and the following substituted therefor:

411. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the Minister under this Act or The Radio Act, 1938.

(2) Subsection (1) of section 412 of the said Act is repealed and the following substituted therefor:

412. (1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this Act or of any regulations made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.

The third paragraph is to renumber the rest of the clauses, and the rest of this amendment has to do with the revised statutes, except the last paragraph, 7, which is as follows:

Add the following as clause 15:

15. Section 3 of this Act shall be deemed to have come into force on the 31st day of March, 1953.

I suggest there is no controversy and that the whole amendment be dealt with at the present time.

Mr. GREEN: Is that new section 3(1) designed to cover both radiotelegraph and radiotelephone?

Mr. MATTHEWS: Yes, Mr. Green.

Mr. GREEN: Section 411 of the Act as it now reads only refers to radiotelegraph.

Mr. MATTHEWS: No. That was amended in 1950. It reads now: "No person shall establish any radio station or private receiving station..."—it covers everything.

The CHAIRMAN: Shall new clause 3 carry?

Carried.

Clause 3, now clause 4.

Carried.

Mr. CARTER: May I ask one question?

Mr. BROWNE: We have a new clause 3.

Hon. Mr. CHEVRIER: In clause 3 we shall now have the amendments to 411, 412, and 475.

Mr. GREEN: Mr. Chairman, about the old clause 4 which is the new clause 5—

Hon. Mr. CHEVRIER: We have not reached it yet.

Mr. CARTER: Are we on clause 4 now?

Hon. Mr. CHEVRIER: Yes. I am sorry. We have just reached it.

The CHAIRMAN: Clause 4, now clause 5:

4. The said Act is further amended by adding thereto, immediately after section 608 thereof, the following section:

"608A. (1) The Governor in Council may designate harbours or districts at which port wardens, deputy port wardens and such clerks and servants necessary for the proper conduct of the port warden's office may be appointed in the manner authorized by law, all of whom hold office during pleasure.

(2) All acts done by or before such deputy port wardens have the same effect as if done by or before a port warden.

(3) All fees received under this Part by port wardens appointed under this section shall be paid to the Receiver General of Canada and shall form part of the Consolidated Revenue Fund.

(4) A port warden or deputy port warden appointed under this section may be appointed to any other office under this Act and in such case, in addition to his salary as port warden or deputy port warden, shall be remunerated for his services in such other office in the manner provided under this Act for that office.

(5) Sections six hundred and eight, six hundred and ten and six hundred and thirty-three do not apply to port wardens, deputy port wardens, clerks or servants appointed under this section."

Mr. CARTER: I was going to ask about these port wardens. Are these to be appointed only in connection with National harbours?

Mr. MATTHEWS: No. The port wardens can be appointed at any port where sufficient business will justify the appointment.

Mr. CARTER: Are their duties the same as harbour masters?

Mr. MATTHEWS: No. The port warden looks after the inspection of cargo and grain loading regulations.

Mr. CARTER: That only applies to very large ports?

Mr. MATTHEWS: I think that would be the case.

Mr. CARTER: It would not apply to ports where you just have small docks?

Mr. MATTHEWS: I should not think so.

Mr. BROWNE: I would like to know something more about these port wardens. I never heard this term before. We have none in Newfoundland.

Mr. MATTHEWS: No.

Mr. BROWNE: Have they any in Nova Scotia at North Sydney for example?

Mr. MATTHEWS: I think Captain Kerr should speak on that point.

Captain KERR: My name is J. W. Kerr, Supervisor of Nautical Services in the Department of Transport.

Mr. Chairman, Mr. Minister and gentlemen. Port wardens are stationed in the principal ports. There are port wardens at Sydney, Halifax, St. John, New Brunswick; and also at Vancouver, New Westminster and Victoria on the west coast.

Mr. BROWNE: At North Sydney?

Captain KERR: The port warden at Sydney will perform the duties at North Sydney when required.

Mr. BROWNE: Can you tell me what his duties would be there?

Captain KERR: In the event of a ship arriving in distress the port warden may act as a surveyor and issue a certificate of seaworthiness. The certificate is of great importance in marine insurance work.

Mr. BROWNE: Is he a full-time man?

Captain KERR: He is a full-time man at Sydney.

Mr. BROWNE: Is he something like a Lloyds surveyor?

Captain KERR: No. They are quite separate and apart from port wardens, but the port warden might be employed by Lloyds to make a survey in the event of a Lloyd's surveyor not being present.

Mr. BROWNE: Would the man at Sydney be kept busy?

Captain KERR: At Sydney he is also the harbour master and shipping master.

Mr. GREEN: There is power under section 608 of the Canada Shipping Act as I understand it to appoint these port wardens and this new section seems somewhat of a duplication. Can you explain the difference in the effect of the two sections?

Captain KERR: Mr. Green and gentlemen, at some ports it is very difficult to obtain the services of a first-class seaman to perform the work to be done. Take Prince Rupert, for instance. The grain business at Prince Rupert lay dormant for several years. Last year it was revived. Probably it will be active this year. In order to attract the right type of person for the job it is my understanding that the proposed amendment to this part of the Act will give the minister permission to place a port warden on salary, if required.

Difficulty has been experienced in finding the right type of seaman at the smaller parts, on the basis of fees of office. In order to attract the right type of persons to the work it has been necessary in some cases to combine the post of port warden with several other duties to bring remuneration up to a proper level.

This would facilitate the appointment of competent seamen to positions as port wardens especially in those ports where difficulty has been experienced in attracting experienced seaman to do the work.

Mr. GREEN: Will the result be that some port wardens will be appointed under section 608 and receive their remuneration from fees, while other port wardens will be appointed under section 608-A, by the minister on a salary basis?

Mr. KERR: That is my belief.

Mr. GREEN: So there will be two different types of port warden?

Mr. KERR: The port wardens would carry out the same functions.

Hon. Mr. CHEVRIER: You would not want a full-time employee in certain ports where there is little or no business. But where they would be required, you would want to have somebody in attendance.

Mr. KERR: Yes sir.

Mr. GREEN: A port warden appointed under section 608-A would not get the fees, but would be paid a salary?

Hon. Mr. CHEVRIER: That is right.

Mr. CARTER: Do you have any yardstick by which to measure the size of a port to ascertain whether or not it would require a port warden?

Mr. KERR: The principal functions of the port warden are the supervision of the loading of grain cargoes and timber deck cargoes. These cargoes are the yardstick to be employed in deciding the importance of a port in this sense.

Mr. GREEN: Would you need a port warden at Kitimat?

Mr. KERR: I would think not.

Hon. Mr. CHEVRIER: You certainly would not need one now but eventually, with an increase of traffic, you might, and with all the bauxite coming in.

Mr. GREEN: Are port wardens appointed under section 608-A to be selected by the Civil Service Commission or appointed by order-in-council?

Hon. Mr. CHEVRIER: They will be selected by the Civil Service Commission.

Mr. BROWNE: What is meant by this phrase "in the manner authorized by law"? Does that mean that it comes under the Civil Service Act?

Mr. MATTHEWS: That is correct. That is the usual expression for that kind of appointment.

Mr. GREEN: One result will be that the person using the ports, where a warden is appointed on a salary basis, will not have to pay fees.

Mr. KERR: Oh yes, he will have to pay fees. Those fees will go to the Receiver General of Canada.

Mr. GREEN: He cannot get out of paying fees.

Mr. BROWNE: Perhaps he will get a salary which he will like better, if it is larger.

Mr. KERR: I think the practice is that the fees are used to pay the salary of the port warden.

Mr. CAVERS: The fees payable by a shipping company would be the same, whether the port warden was on a fees basis or on a salary basis.

Mr. KERR: Yes.

Mr. STUART: It is a tonnage tax?

Mr. KERR: We do not use that term.

Mr. GIBSON: It sounds something like a tea tax.

Mr. BROWNE: I think you said it was principally in connection with grain cargoes.

Mr. STUART: And lumber.

Mr. BROWNE: Have you a port warden at Fort William?

Mr. KERR: Yes, we have.

(A member asked at this point if a port warden is stationed at the head of the lakes and the following answer was given.)

Mr. KERR: We have ocean going ships going up to the head of the lakes. It is quite possible that if those ships were to load bulk grain cargoes for overseas destinations, or take on deck cargoes, they would become subject

to a certificate of the port warden. This is governed by the International Convention for the Safety of Life at Sea.

Mr. BROWNE: You would use him in connection with coal?

Mr. KERR: Yes, if necessary.

The CHAIRMAN: Shall clause 4 which is now clause 5 carry?
Carried.

Shall clause 5 which is now clause 6 carry?

5. Section 21 and Part VI of the said Act shall come into force in the Province of Newfoundland on a day to be fixed by proclamation of the Governor in Council, and, until a day is so fixed, the laws in force in Newfoundland at the date of Union between Newfoundland and Canada relating to the same subject matter shall continue in force.

Mr. BROWNE: On clause 5 I should like to ask the minister what the situation is in regard to this. Is it his intention not to bring this part into operation, or is there an understanding with the people there about further delay? I have not received any representations about it. It has to do with the security given by the masters to pilots.

Hon. Mr. CHEVRIER: May I just consult with Captain Kerr. The information which Captain Kerr gives me is that it is the intention to prepare for the putting into operation of this part in the future, but it will take some time to get the plan under preparation, and he is not able to say when he will be able to advise me.

Mr. BROWNE: You do not intend to do it right away, as soon as this Act is passed?

Hon. Mr. CHEVRIER: No.

Mr. BROWNE: I would like to say in regard to the observation which the minister made a few moments ago in excusing the bringing into effect of certain provisions in Newfoundland in regard to the certificates which the masters and mates are given down there, they used to have a higher class of certificates than is necessary in Canada to operate ships. The master would get a foreign-going certificate which would enable him to go all around the world, while I believe the class of certificate which they get here would enable them only to go coastwise.

Hon. Mr. CHEVRIER: Coastal trade.

Mr. BROWNE: So that our classification was really higher.

Hon. Mr. CHEVRIER: I know that you wanted to get that on the record, Mr. Browne, and I have no objection at all.

Mr. BROWNE: But the class of person you would be favouring would be the person who had not taken out that class of certificate but who knew, from his experience in travelling around the coast where the rocks were not, so to speak.

The CHAIRMAN: Shall clause 5 which is now clause 6 carry?
Carried.

Shall clause 6 as amended carry?

Hon. Mr. CHEVRIER: There will be a consequential amendment in this part 2 because of the amendments which we introduced in part 1. Could we call it as amended?

The CHAIRMAN: Does clause 6, now clause 7, as amended carry?
Carried.

Does clause 7 which is now clause 8 as amended carry?
Carried.

Does new clause 9 carry?

Does clause 8 which is now clause 10 carry?
Carried.

Does clause 9 which is now clause 11 carry?

Carried.

Does clause 10 which is now clause 12 carry?

Carried.

Does clause 11 which is now clause 13 carry?

Carried.

Does clause 12 which is now clause 14 carry?

Part III.

12. *An Act to amend the Canada Shipping Act, 1934*, chapter 26 of the statutes of 1950, is amended by adding thereto the following section:

"64. (1) Notwithstanding anything in this Act and notwithstanding the issue of a proclamation under section sixty-three of this Act, subsections three, four, seven, nine to thirteen, and sixteen to nineteen of section one, subsection two of section fourteen, section sixteen, sections twenty-three to twenty-six, sections twenty-eight to thirty-four, subsection three of section thirty-five, section thirty-six to forty-nine, sections fifty-two to fifty-eight, and section sixty-one of this Act are not applicable in respect of any country that is a party to the International Convention for the Safety of Life at Sea, signed at London on the thirty-first day of May, 1929, but is not a party to the International Convention for the Safety of Life at Sea, 1948.

(2) Subsection one of this section is repealed on a day to be fixed by proclamation of the Governor in Council."

Mr. GREEN: With respect to clause 14, could we have an explanation of it again from Mr. Matthews?

Mr. MATTHEWS: In connection with that clause, it has to do with the coming into force of the safety convention of 1948.

That safety convention came into force last November. An amendment to the Canada Shipping Act was made in 1950 to implement that convention and it came into force on December 31, 1952. That is to say, ships coming into Canadian ports will have to have certificates under the new convention. But there are certain countries which have not joined the new convention, consequently their old certificates will remain valid for one year. That is a provision of the new convention. So this section is a transitional section which will allow Canada to recognize the certificates of ships belonging to the countries which are not parties to the new convention until November 19 next. After that date, any ship coming into a Canadian port will have to produce a certificate under the safety convention.

Mr. GREEN: What are the principal countries which are not parties to it?

Mr. MATTHEWS: I think that Russia is the principal country.

Mr. GREEN: Russia is the only country that has any substantial merchant navy, but it is not a party to it?

Mr. MATTHEWS: I think so. Various countries signed up from time to time. There had to be a certain number in order to bring it into force. I think the principal maritime nations of the world have signed it now. However, I am not sure about Panama. But the principal countries have now ratified the convention with the exception of Russia.

Mr. GREEN: Will Russia and Panama be required to issue a new type of certificate for their ships coming into Canadian ports?

Mr. MATTHEWS: Yes. I would think that after November 19 they would have to have a certificate which is at least the equivalent of the requirements of the Canadian Steamship Inspection, if they wish to come into a Canadian port.

Mr. GREEN: What would happen if they did not have it?

Mr. MATTHEWS: If they come in, they might be held up. There might be some difficulty about it and I suppose they would not come in.

Mr. CARTER: Does that apply to passenger ships or to cargo ships?

Mr. MATTHEWS: That applies to passenger vessels and cargo vessels.

Mr. CARTER: In my riding we have a considerable traffic between Newfoundland and St. Pierre which belongs to France. There is considerable passenger traffic there. Football teams go back and forth. We have set up a rigid requirements with regard to our own ships for the protection of life. Is there anything in the Canada Shipping Act which prevents a foreign ship from taking Canadian passengers without meeting those requirements?

Hon. Mr. CHEVRIER: A French ship would have no right to take passenger from a port in Newfoundland to a foreign port. That would be a violation of the right of cabotage.

Mr. CARTER: You say that if I go from Newfoundland, a port in my riding, to St. Pierre which is a foreign port, a French ship could not take me?

Mr. MATTHEWS: Yes. I think they could do that.

Mr. BROWNE: The French steamer is the only way of getting across to St. Pierre.

Hon. Mr. CHEVRIER: Well, I must have misunderstood your question. I thought that it would be an offense against cabotage and could not be done.

Mr. CARTER: Not from a Newfoundland port to a French port.

Mr. MATTHEWS: I would think that would be the same thing as a passenger from Newfoundland going to Boston on an American ship.

Mr. CARTER: Does the Canada Shipping Act set up requirements which a foreign ship must meet?

Mr. MATTHEWS: Yes, it does, under the safety convention; it does require a certificate.

Mr. CARTER: Therefore if a foreign ship did not meet those requirements for the safety of life, and for fire protection and so forth, then the Canada Shipping Act could be applied to prevent it from carrying Canadian passengers.

Mr. MATTHEWS: I think that is so.

The CHAIRMAN: Shall new clause 15 carry?

Carried.

The CHAIRMAN: Shall clause 12, now clause 14 carry?

Carried.

The CHAIRMAN: Shall the title carry?

Carried.

Mr. GREEN: There is a new section 15 which brings section 3 of the Act into force as of the 31st of March.

Mr. MATTHEWS: That is right. That has to do with the radio receiving sets which I spoke about, and the licences for them. After March 31 they are no longer required.

Hon. Mr. CHEVRIER: There are two new section, 411 and 412, which have been introduced, and which add two clauses to the bill.

The CHAIRMAN: Shall the bill as amended carry?

Carried.

Shall I report the Bill, as amended.

Agreed.

Mr. McIVOR: I would like to express appreciation to the director for the brief answers he has given to the questions asked by the witnesses, and also to the legal advisor. I think that was a real treat.

