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Canadian Armed Forces: a modernization and renewal program

The Minister of National Defence, James Richardson, announced on October 10 a plan to streamline the Armed Forces by increasing substantially the amount to be spent on new equipment and facilities. Under the program, almost 20 per cent of the defence budget will have been spent on new equipment by the end of the 1970s, compared to the present figure of 11 per cent.

The additional expenditures, which have been approved by Cabinet would, said Mr. Richardson, allow for more effective planning, up-to-date equipment, and personnel who could "pursue more effective and satisfying careers" to give a "higher level of service to Canada".

Excerpts from the Minister's statement follow:

* * * *

Under the newly-approved formula, the National Defence budget will increase by 7 per cent a year for the next five years, starting from a base of \$2,143 million in fiscal year 1973-74. This annual increase will allow for substantial increases in capital expenditure, particularly for greatly-needed new equipment. At the present time, National Defence is spending approximately 11 per cent of its budget for new equipment and facilities. Under the modernization and renewal program almost 20 per cent of the total budget will be spent for new equipment by the end of the Seventies. In other words, the percentage of the defence budget to be spent on new equipment will almost double during this decade.

Modern equipment of all kinds is not only essential in itself, but it is also important in retaining the high morale of the Canadian Forces personnel who use it.

The modernization and renewal program takes effect in the next fiscal year and is designed:

- to double by 1978-79 the funds available to purchase new equipment of all kinds;
- to maintain the strength of the Canadian Forces at approximately the current level;
- to provide, after a number of money-saving changes in the defence program, for increases in salaries on a scale equal to our experience in recent years;

- to provide for increases in operation and maintenance costs also on a scale equal to recent experience;

- to maintain Canada's defence contribution to NATO, while continuing, in line with the general NATO trend, to decrease gradually the percentage of our gross national product allocated to the defence budget.

* * * *

A substantial portion of our capital expenditures during the five-year period will be spent on equipment programs already announced. These include: a new maritime long-range patrol aircraft; the modernization and automating of the defence communications system (SAMSON program); a surface-to-air self-defence missile system (BLOW-PIPE) for our forces in Europe; eight Boeing Vertol *Chinook* medium transport helicopters for the land forces of Mobile Command; and a major improvement program for Maritime Command's *Sea King* helicopters.

In addition, we will be buying a replacement truck for the forces' ageing fleet of 3/4-ton trucks; a wide range of electronic equipment for the sea, land and air elements of the forces and large amounts of ammunition and spare parts to bring depleted stocks up to the required level.

* * * *

New construction

Our capital expenditures on construction will include four projects already announced: the expansion of Canadian

Forces Base St. Jean; the completion of the science-engineering complex at Royal Military College, Kingston; and a new library for Royal Roads Military College, Victoria. We will also be continuing the modernization program of our married quarters at bases and stations across the country.

Other expenditures planned for the period include a construction and improvement program for Maritime Command headquarters and dockyard complex in Halifax; an expansion of the Combat Arms School in Gagetown, New Brunswick; a new officer-training school in Chilliwack, British Columbia; and the upgrading of airfield facilities across the country.

As you know, the Department has been operating under strict financial constraints for several years. At the same time, the forces have had to maintain operational efficiency at a high level. We have been able to maintain this efficiency in part by cutting back on non-operational maintenance and by allowing back-up stocks of spare parts and ammunition to run down to minimum levels.

The Government has approved changes which will achieve savings gradually increasing to about \$40 million annually by the end of the period, and thus enable us to build up stocks to reasonable levels and resume normal maintenance.

These adjustments, on which we have consulted fully with our NATO allies and our NORAD partner, plus the projects' budgetary increases of 7 per cent annually, will provide a balance and realistic financial base from which to administer the defence program in the future.

Closing of obsolete facilities

I would like to emphasize that the money-saving adjustments in this modernization program which I am announcing today are, for the most part, being phased over a period of time in order to reduce any dislocation to an absolute minimum. Some actions have already been announced, including the consolidation of West Coast flying activities out of Comox, B.C.; the closing of the DND management school in Montreal and the consolidation of some medical training facilities at Kingston. Further actions I am announcing for the first time today are:

- within the next year, we will close the air defence radar sites at Foy-mountain, Armstrong and Ramore;

- within two years, we will take out of service the 38 twenty-year-old CF-100 aircraft in the forces' inventory;

- to coincide with the entry into the Canadian fleet of the four most modern destroyers in the world, the *Iroquois*, *Athabaskan*, *Huron* and *Algonquin*, we will find alternative use, by sale or lease, for the ageing *St. Laurent*, *Chaudiere*, *Columbia* and *St. Croix*, by the end of 1974;

- we will remove anti-submarine warfare equipment from the *Tracker* aircraft fleet and reduce the fleet to 16 from 33, early in 1974;

- we will retire the 29-year-old training submarine HMCS *Rainbow*, based at Esquimalt, within the next year;

- we will reduce by half the \$3-million annual Civil Emergency Measures Financial Assistance Program to the provinces and territories, beginning with fiscal year 1974-75.

* * * *

The Defence Department is...working with the Department of Manpower and Immigration and the Public Service Commission to maximize the employment opportunities available to the civilian employees who will be affected by these program adjustments.

For example, qualified civilian employees who are offered and who accept a position at another defence establishment or elsewhere within the Public Service, will be reimbursed for reasonable expenses for the cost of their move.

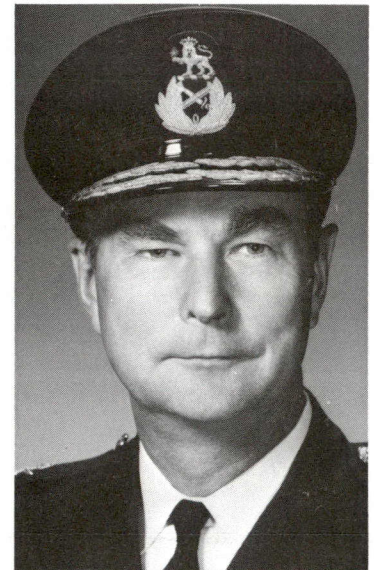
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New chief military medic

Major-General Richard H. Roberts of Ottawa was recently appointed surgeon general to the Canadian Forces, succeeding Major-General J.W.G. Barr, who is retiring.

Major-General Roberts, who was born in Liverpool, England, joined the Royal Naval Volunteer Reserve in 1940 and during the Second World War served on HMS *Furious*, and later at air stations in Britain and India.

He joined the Royal Canadian Navy in 1948 as a surgeon lieutenant-commander and was stationed at the Royal Canadian Naval Hospital in Halifax, Nova Scotia. Major-General Roberts has been commandant of the National Defence Medical Centre since 1971.



Major-General Richard H. Roberts

Export controls on propane, butane gases and heavy fuel oils

Effective October 15 the Federal Government placed export controls on propane and butane gases and on heavy fuel oils. A statement issued by the National Energy Board on October 11 announced that the controls were the result of an unusually heavy flow of these products by all means of transportation to the United States, which is facing an energy crisis. There is a possibility that rising fuel prices in the U.S. would draw larger amounts of Canadian fuel, thereby leaving insuffi-

cient supply for domestic use.

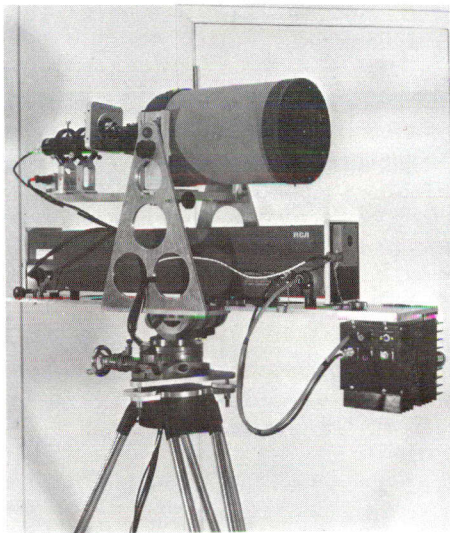
The National Energy Board said that, except for any unusual demand, the controls would not reduce the established export levels of the products. "It is the intent, under these controls," it stated, "to retain as far as possible the established trading patterns in these products to the extent that products deemed surplus to Canadian requirements are available for export."

Propane is used as a substitute for natural gas in cooking heating.

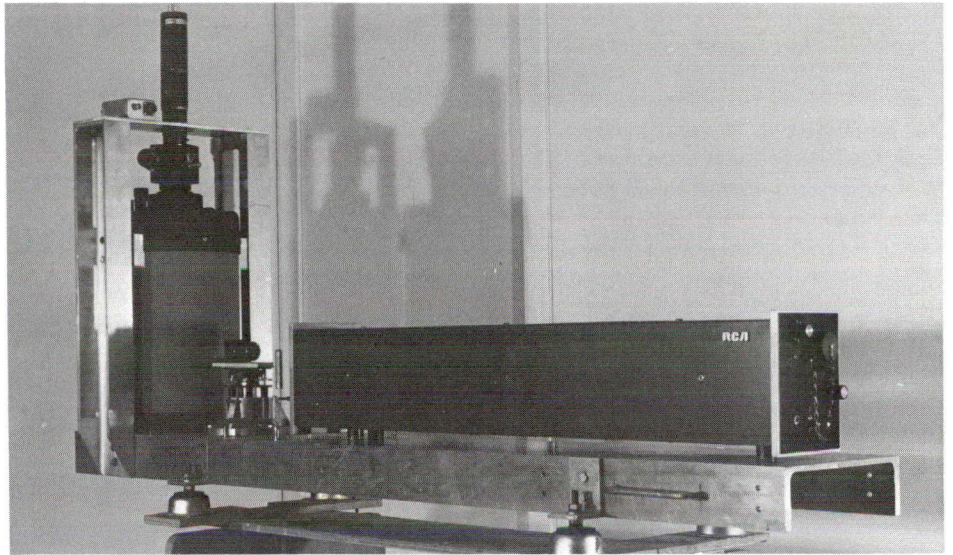
Night time detection of water pollution

A unique system for the detection of water pollutants after dark has been built and successfully tested by scientists of the Inland Waters Directorate, Environment Canada. Consisting of a laser, telescope and optical filters, it has measured the fluorescence of water at ranges up to 75 metres and has detected oil slicks from altitudes of 300 metres. It has also detected rhodamine dye and chlorophyll in open water, and lignin sulphonates in pulp mill ponds.

According to the researchers this equipment has two special advantages over other systems. It is small and light



Land-based "fluorosensor" for monitoring water pollution.



Photos: Environment Canada

This equipment, mounted in an aircraft, has detected oil spills at night from an altitude of 300 metres.

enough to be readily airborne and it does not require a sample of the material to be identified.

The apparatus has detected fluorescence from oil-refinery wastes and pulp plants' settling ponds, as well as controlled spills of oils and dyes in tests conducted off the Bahamas, along the Ottawa River and in the area of the Port of Montreal.

At ground level, the system has been used to examine river water and, on board a ship, to monitor chlorophyll concentrations in Lake Erie.

A blue light from a low-powered laser excites fluorescence in the target area,

and an eight-inch telescope focused on this area collects the light. Optical filters are used to block the reflected laser light and select pertinent wavelengths from the fluorescent spectrum of the target. This light is converted to an electrical signal by a photomultiplier tube, processed and recorded on a strip chart.

The new system, which appears to be ready for market development, was developed by Dr. A.R. Davis of the Water Science Subdivision and H. Gross, Dr. J. Kruus and Dr. R.A. O'Neil of the Remote Sensing Subdivision, Inland Waters Directorate.

Canada/U.S. meeting on Great Lakes Water Quality Agreement

Canadian and United States Officials met earlier this month in Ottawa for an exchange of views on the first annual report of the International Joint Commission on the Great Lakes Water Quality Agreement. The officials also outlined steps under way to control and abate pollution from municipal and industrial wastes, vessels, and other sources. The agreement signed in 1972 by President Nixon and Prime Minister Trudeau, commits the Governments of Canada and the United States to coordinated programs of action for restoring and preserving the Great Lakes. The two sides noted with satisfaction the International Joint Commission's conclusion that despite the short pe-

riod of time covered by the report there has already been an indication of beneficial effect on water quality from activities under the Agreement. This bodes well for the future as these activities are now gathering full momentum.

The two sides examined the report of the International Joint Commission and the various recommendations it contained. In particular they studied measures to assist the Commission in discharging obligations under the Great Lakes Water Quality Agreement to monitor and report on progress being achieved in Canada and the United States to meet the object specified in the Agreement. The two sides wel-

comed the efforts made to date by the International Joint Commission in this regard and agreed that the two Governments would make every effort to respond positively to the recommendations contained in the International Joint Commission's annual report. Further, the two sides noted the International Joint Commission's concern in its report that adequate staffing and funding has not, as yet, been provided to the International Joint Commission regional office in Windsor, Ontario. However, they were pleased to learn that some further progress had been achieved with respect to staffing. They agreed to explore together ways by which further necessary support could be provided to the International Joint Commission. A small working

group has been established composed of Canadian and United States officials to draft a joint reply to the International Joint Commission's annual report. Finally, the two sides agreed that a further meeting should take place in approximately six months time as a part of the continuing assessment process.

Illegal food marketing practices

Officials of the Department of Consumer and Corporate Affairs will review immediately more than 100 cases of possible merchandising irregularities received recently from the Food Prices Review Board.

Mr. Herb Gray, Consumer and Corporate Affairs Minister, said that where the results of the reviews warranted it there would be prompt further investigations with a view to laying charges under the laws administered by his Department.

The reports, concerning marketing practices of a number of food stores, were prepared last month by the Board's special investigating team.

In turning over the reports to the Consumer and Corporate Affairs Department, the Board noted that they indicated instances where offences may have been committed, though there was insufficient evidence for successful prosecutions.

The reports are now being examined for indications of possible contraventions of the Weights and Measures Act, Food and Drugs Act, the Canada Agricultural Products Standards Act or the misleading advertising provisions of the Combines Investigation Act. If violations have occurred to provincial statutes governing the sale of agricultural products, which are enforced by agreement with the provinces, the federal Department will also investigate, Mr. Gray said.

He also said that he had instructed his officials to write to Board Chairman Mrs. Beryl Plumtre last month for any information arising from the Board's national investigation on suspected breaches of legislation.

Last winter, fatal snowmobile accidents increased to 119 from 102 during the previous year, while the number of victims increased to 127 from 116.

Pensions may increase with the cost of living

Federal and provincial ministers of welfare have reached agreement on increases in the Canada Pension Plan and the Quebec Plan. The ministers, who met in Ottawa on October 11 and 12, issued a statement announcing the changes which, if Parliament approves, will give about half a million Canadians pension increases ranging from 8 to 20 per cent next January. Under the new arrangements, pension benefits are tied to the annual rise in the cost of living.

Proposed changes

National Health and Welfare Minister Marc Lalonde says he wants to introduce legislation as soon as possible to implement the plan, which is as follows:

On January 1 the maximum pensionable earnings level will rise from the present \$5,600 a year to \$6,600. This means that the maximum contributions made by employees will rise from \$90 a year to \$106.20. Employers' contributions will increase by the same amount. Canada Pension Plan cheques will rise at the end of January from anywhere between 8 and 20 per cent, depending on how long recipients have

been retired. A "catch-up" clause is included for those who have been subject to the limit of the 2 percent increase a year now in effect.

Ministers agreed to eliminate the 2 percent yearly increase and to use instead the annual rise in the cost of living as a base by which pensions will increase, to absorb, in Mr. Lalonde's words "the full impact of inflation".

The third change is to permit pensions to increase at a rate of 12½ per cent a year until the maximum yearly pensionable earnings reach the level that Statistics Canada says is the average rate and salaries earned by Canadians.

Another amendment is that pensions will be payable to anyone aged 65 regardless of whether he or she enters the labour force.

The final change concerns Quebec, which has agreed to keep its pension plan in line with the Canada Pension Plan. Workers moving into and out of the province will not suffer losses or pay higher contributions.

Mr. Lalonde estimated that in 15 years pensionable earnings will reach more than \$13,000 a year.

Saskatchewan educational communications agency

Legislation to create a Saskatchewan educational communications agency called Saskmedia, is expected to be introduced at the province's legislative sessions this autumn.

The proposed corporation, the chief recommendation of a report recently prepared by Dr. R.L. Faris of Regina, would develop the use of print, film and electronic media in education under guidelines set by a provincial educational communications authority (also to be created).

Along with recommending the establishment of these two bodies (Saskmedia to supply materials, and a communications authority to develop policy and production guidelines), the report included the following proposals:

Co-ordinate the use of the media for schools and adult education.

Establish Radio Saskatchewan, a

19-station FM radio network with local access through community colleges. (The main emphasis of the FM radio network would be on adult education and community development through informal open-line programs, radio forums and the production of cultural, historical and Indian-language material).

Expand the provincial library to become Saskmedia's distribution division.

Develop a province-wide telex system to speed library service in rural areas.

Develop Saskatchewan-based materials in all media, with attention to ethnic, historical and Indian-language production.

Use existing university television production facilities.

Emphasize informal educational use of media on both radio and cable television.

Canadian Football League season nears end

With the Canadian Football League regular season almost over, the race for the yearly championships in both the Eastern and Western Conferences are very close. In the East, Ottawa Rough Riders, led by their two quarterbacks, Rick Cassata and Jerry Keeling, have moved into a first-place tie with Toronto Argonauts. Montreal Alouettes with their "ordinary superstar", Johnny Rodgers, who last year, while he was at the University of Nebraska, won the Heisman Trophy as the United States college football's outstanding back, are only one point behind the leaders. Last year's Grey Cup champions, the Hamilton Tiger-Cats are in last place, but are only 2 points behind Ottawa and Toronto, so all the playoff spots in the East are still undecided.

In the West, Edmonton Eskimos and Saskatchewan Roughriders are locked in a real battle for the league lead. At press time (October 19), Edmonton, with a well-balanced passing and running attack, was one point ahead of the Roughriders. B.C. Lions seem to be out of the running for a play-off berth, as Winnipeg Blue Bombers, who have recovered from an early slump are fighting it out with the injury-riddled Calgary Stampeders for the last play-off spot.

Individuals have dominated the CFL season; halfbacks like Hamilton's Andy Hopkins and Edmonton's Roy Bell and quarterbacks like Toronto's Joe Theismann, and Winnipeg's Don Jonas have given sparkling performances. However, in a season in which many games have been decided by only

one or two points, place-kickers have often provided the margin of victory. In one recent game, Ian Sunter of Hamilton scored almost all of Ti-Cats' points as they beat Toronto 16-11; in another, a field goal in the last quarter by Walt McKee, his third of the game, gave Winnipeg a one-point win over Saskatchewan. In addition, the leading scorers in both conferences are place-kickers: Gerry Organ of Ottawa in the East and Dave Cutler of Edmonton in the West.

Results

- Saturday, September 22
Ottawa 32, Edmonton 20
- Sunday, September 23
Montreal 19, Toronto 10
Calgary 13, Edmonton 12
- Monday, September 24
Edmonton 22, Hamilton 17
- Tuesday, September 25
Winnipeg 25, Saskatchewan 23
- Saturday, September 29
Toronto 22, British Columbia 22
- Sunday, September 30
Montreal 28, Ottawa 15
Edmonton 17, Saskatchewan 13
Hamilton 31, Calgary 29
- Wednesday, October 3
Hamilton 20, Winnipeg 17
- Saturday, October 6
Toronto 37, Calgary 10
- Sunday, October 7
Saskatchewan 24, British Columbia 9
- Monday, October 8
Ottawa 16, Hamilton 13
Montreal 45, Calgary 0
Edmonton 14, Winnipeg 14
- Saturday, October 13
Edmonton 27, British Columbia 13
- Sunday, October 14
Hamilton 16, Toronto 1
Ottawa 32, Calgary 8
Winnipeg 18, Saskatchewan 17

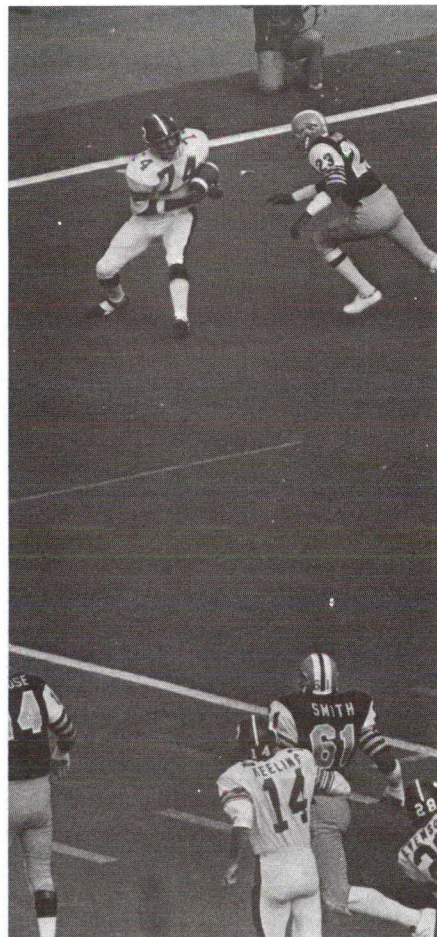
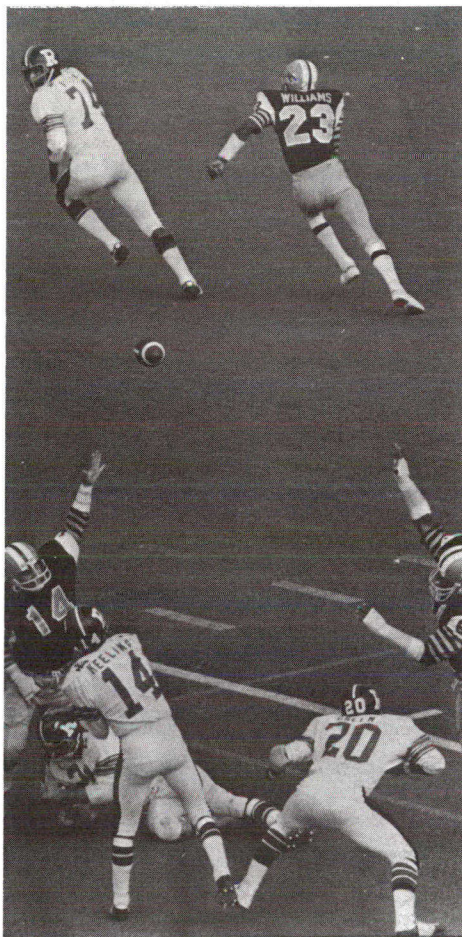


Photo: Mike Hanley, Spectator, Hamilton

Touchdown!

Ottawa quarterback Jerry Keeling (14) completes touchdown pass to Rhome Nixon (74), who has broken away from

Hamilton's John Williams (23), in the game played at Hamilton on October 8. Final score, Ottawa 16, Hamilton 13.

Standings (at October 19)

Eastern Conference							
	G	W	L	T	F	A	Pts.
Ottawa	12	7	5	0	239	215	14
Toronto	12	6	4	2	228	208	14
Montreal	11	6	4	1	226	190	13
Hamilton	12	6	6	0	254	216	12
Western Conference							
Edmonton	13	8	4	1	277	240	17
Saskatchewan	13	8	5	0	276	237	16
Calgary	13	5	8	0	186	309	10
Winnipeg	13	4	8	1	230	241	9
B.C.	13	3	9	1	210	290	7

Balance of international payments

The Canadian economy maintained its high level of activity in the second quarter of 1973 as the seasonally adjusted gross national product rose by 3 per cent in current dollars following even higher rates of growth in the preceding two quarters. This moderation in economic growth was accompanied by a strengthening of the current account of the balance of payments. The seasonally adjusted deficit was a bare \$3 million, down \$250 million from that of the first quarter of 1973. About three-fifths of the change was due to an increase in the trade surplus to \$554 million, reflecting both a rise in exports and a decline in imports. The major shift in the service accounts was a decline in travel expenditures abroad.

Main export increases

Significant increases in exports were recorded for crude petroleum, lumber, iron ore, wheat, copper in ores, meat, woodpulp and agricultural machinery. There were reductions for chemicals, motor vehicle products, nickel in ores, fabricated aluminum and newsprint. Decreases occurred in imports of automotive products, fuel oil and other petroleum products, office machines, meat and fish and non-ferrous alloys. A rise in imports was recorded for communication equipment, agricultural machinery and crude petroleum.

Price increases were recorded for both exports and imports, associated with sharply rising world prices for many major primary commodities caused in part by widespread inflation, rising demand and shortages of supply. Counter measures adopted included price freezes in the United States and export controls on selected commodities by both the U.S. and Canada.

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Capital movements, unadjusted for seasonal variations, led to a net capital inflow of \$30 million, a decline of \$334 million from that of the first quarter of 1973. This, with a seasonally unadjusted current account deficit of \$137 million, resulted in a decrease of \$107 million in Canada's official monetary assets.

Capital transactions in long-term forms recorded a net inflow of \$230 million, up \$30 million. The main factors were increases in foreign direct investment in Canada and new issues sold abroad and a return to net sales from transactions in outstanding foreign securities. Movements which led to increased outflows were larger retirements of Canadian securities, which included a Government of Canada Deutsche mark issue, export credits and Canadian repurchases of Canadian equities.

Capital movements in short-term forms resulted in a net outflow of \$200 million, a swing of \$364 million from the first quarter net inflow of \$164 million. An increase in the chartered banks' net foreign currency position with non-residents (particularly to take advantage of attractive interest rates in New York), following a decrease in the previous quarter, was a significant factor in the net outflow. It was bolstered by a reduction of non-resident positions in Canadian money market instruments which were built up substantially in the first quarter. Factors working in the opposite direction were the deceleration in the growth in non-bank holdings of foreign currencies abroad and the swing to an inflow in other short-term capital transactions. The spot value of the U.S. dollar in Canadian terms ranged between 99.50 and 100.36 on the interbank market in Canada, closing the quarter at 99.82, down from 99.88 at the end of the previous quarter. Other major currencies again became more expensive although the rate of change was lower than during the first quarter. Spot changes ranged from an increase of about 9 per cent for the Deutsche mark to a change of less than 1 per cent for the Japanese yen from the end of the first quarter to the end of the second quarter. Price increases *vis-à-vis* the Canadian dollar ran 4 per cent for the pound and 7 per cent for both the French and the Swiss franc.

Packaging and labelling rules

Consumer and Corporate Affairs Minister Herb Gray has announced publication in the *Canada Gazette* of proposed regulations under the Consumer Packaging and Labelling Act. Consumers, dealers and other interested persons will have two months to make representations with respect to the proposals. It is intended that the Act be proclaimed in force by the end of this year, though a longer deadline will have to be given to enable manufacturers to make the detailed label changes under some provisions of the regulations.

The Act and its regulations, by providing fuller and more factual information on labels and protecting against fraud and deception in packaging and labelling, will help consumers in their choice of prepackaged goods. It will also lead to more uniformity of information on labels, and will ensure labelling in English and French.

Basic information on labels will include the net quantity, in metric as well as in traditional Canadian units. Labels will also show the identity and principal place of business of the manufacturer or distributor, and the identification of the product by its common or generic name or of its function.

It is estimated that the regulations will affect the packaging and labelling of some 80,000 domestically-produced products and 40,000 imports. The object is to have a system that is intelligible and workable for consumers and for producers and that it will be introduced in a way that will not create increased costs during the transitional period.