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JOURNALS

OF THE

Legislative Assembly

OF THE

PROVINCE OF ONTARIO

From the 19th September to 22nd September, 1939

AND

From the 10th January to 24th February, 1940
Both Days Inclusive

IN THE THIRD AND FOURTH YEARS OF THE REIGN OF OUR SOVEREIGN LORD KING GEORGE VI

BEING THE

Fourth Session of the Twentieth Legislature of Ontario

AND THE

Fifth Session of the Twentieth Legislature of Ontario

SESSIONS 1939 and 1940

PRINTED BY ORDER OF THE LEGISLATIVE ASSEMBLY

VOL. LXXIV

ONTARIO

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OF THE

LEGISLATIVE ASSEMBLY

OF THE PROVINCE OF ONTARIO

4TH SESSION, 20TH LEGISLATURE

SEPTEMBER 19TH TO SEPTEMBER 22ND, 1939

BOTH DAYS INCLUSIVE

3RD GEORGE VI, 1939

JOURNALS

OF THE

LEGISLATIVE ASSEMBLY

OF THE

PROVINCE OF ONTARIO

TUESDAY, SEPTEMBER 19TH, 1939

PROCLAMATION

ALBERT MATTHEWS

CANADA

PROVINCE OF ONTARIO

GEORGE THE SIXTH, by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas KING, Defender of the Faith, Emperor of India.

TO OUR FAITHFUL, THE MEMBERS ELECTED TO SERVE IN THE LEGISLATIVE ASSEMBLY OF OUR PROVINCE OF ONTARIO, AND TO EVERY OF YOU

GREETING.

PROCLAMATION

WHEREAS it is expedient for certain causes and considerations to convene the LEGISLATIVE ASSEMBLY of Our said Province, and WE DO WILL that you and each of you and all others in this behalf interested, on TUESDAY, the nineteenth day of the month of September, 1939, AT OUR CITY OF TORONTO, personally be and appear for the Despatch of Business, to treat, act,

do and conclude upon those things which, in our Legislature of the Province of Ontario, by the Common Council of Our said Province, may by the favour of God be ordained.

HEREIN FAIL NOT.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the GREAT SEAL of Our Province of Ontario to be hereunto affixed.

WITNESS: THE HONOURABLE ALBERT MATTHEWS, LIEUTENANT-GOVERNOR OF OUR PROVINCE OF ONTARIO,

at Our City of Toronto, in Our said Province, this fifth day of September, in the year of Our Lord one thousand nine hundred and thirty-nine and in the third year of Our Reign.

BY COMMAND.

C. F. BULMER,
Clerk of the Crown in Chancery.

Tuesday, the nineteenth day of September, 1939, being the first day of the Fourth Session of the Twentieth Legislature of the Province of Ontario for the Despatch of Business pursuant to a Proclamation of the Honourable Albert Matthews, Lieutenant-Governor of the Province.

---

3 O'CLOCK P.M.

And the House having met,

The Honourable the Lieutenant-Governor of the Province then entered the House and being seated on the Throne, was pleased to open the Session by the following gracious Speech:—

Mr. Speaker and Gentlemen of the Legislative Assembly:

We meet to-day under circumstances of the utmost gravity. The possibility of War, in which we are now engaged, was fully realized and debated by you at the last Session, when you passed unanimously a Resolution calling, in such event, for the complete mobilization of all our resources.

Legislation calculated to give effect to the determination then expressed will be immediately submitted to you. You will be asked to pass measures designed to increase agricultural and industrial production, and for the protection of our vital public works and services. Our great power resources will be a major asset in the production of war equipment, and authority will accordingly be sought for the adequate control of current by the Hydro-Electric Power Commission. Another measure will provide for closer supervision of municipal expenditures.

Due to the enlistment of men, various Acts will require amendment, such as provision for the transfer of trusteeships; protection of interests in mining claims; and the vesting in certain military Officers of power to take affidavits which will be admissible in Court. Amendments to the Corporations Tax Act and the Income Tax Act, in relation to patriotic gifts, will also be submitted.

As you are aware, the administration of The Succession Duty Act in certain details has recently been impaired by the Courts. The necessity for the Act to function as it was intended, particularly in view of the financial strain to which the Province will be subjected under War conditions, is now greater than ever, and the Bill which will be presented to you is intended to remove all doubt as to the validity, scope and effect of the Act, and establish once and for all the absolute right of the Treasury Department to investigate where fraud is suspected.

I am confident that these and other measures designed to allow Ontario to play the most effective possible role in the successful prosecution of the War will receive your earnest consideration. In this connection, I would commend most heartily the instant co-operation and assistance rendered by the Honourable Leader of the Opposition to the Government, in the common cause in which we are now all engaged.

In conclusion, I am happy to inform you that although additional expenditures have already been incurred owing to the War, the strictest economy is being observed in all Departments and no further financial provision is required at the present time for carrying on the affairs of the Province.

The Honourable the Lieutenant-Governor was then pleased to retire.

Prayers.

On motion by Mr. Hepburn (Elgin), seconded by Mr. Drew,

Ordered, That as the Legislature has been convened in this Special Session for the purpose of dealing with certain proposed legislation to facilitate the actions of the Province of Ontario and its Government in lending its assistance in the prosecution of the War in which the Empire is now engaged, and to consider certain amendments to clarify the meaning of The Succession Duties Act, and those matters are the only subjects of the Address of His Honour, the Lieutenant-Governor, this House hereby resolves to dispense with the customary formal debate on the subject matter of the Address as such matter will be debated during the consideration of the Legislation submitted to the House.

The following Bills were severally introduced and read the first time:—

Bill (No. 1), intituled, "The Succession Duty Act, 1939." *Mr. Conant.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 2), intituled, "The Public Works Protection Act, 1939." *Mr. Conant.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 3), intituled, "The Income Tax Amendment Act, 1939." *Mr. Leduc.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 4), intituled, "The Corporations Tax Act, 1939." *Mr. Leduc.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 5), intituled, "The Mining Amendment Act, 1939." *Mr. Leduc.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 6), intituled, "The Organization of Resources Act, 1939." *Mr. Cross.*

Ordered. That the Bill be read a second time to-morrow.

Bill (No. 7), intituled, "The Execution of Trusts Act, 1939." *Mr. Conant.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 8), intituled, "An Act respecting Public Meetings and Public Processions." *Mr. Conant.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 9), intituled, "The Statute Law Amendment Act, 1939 (No. 2)." *Mr. Conant.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 10), intituled, "The Municipal Amendment Act, 1939 (No. 2)." *Mr. Cross.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 11), intituled, "The Vacant Land Cultivation Amendment Act, 1939." *Mr. Cross.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 12), intituled, "The Power Control Act, 1939." *Mr. Houck.*

Ordered, That the Bill be read a second time to-morrow.

The House then adjourned at 5.30 p.m.

WEDNESDAY, SEPTEMBER 20TH, 1939

PRAYERS. 3 O'CLOCK P.M.

The following Bills were severally read the second time:—

Bill (No. 2), The Public Works Protection Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No. 3), The Income Tax Amendment Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No 4), The Corporations Tax Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No. 5), The Mining Amendment Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No. 6), The Organization of Resources Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No. 7), The Execution of Trusts Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No. 8), An Act respecting Public Meetings and Public Processions.

Referred to a Committee of the Whole House to-day.

Bill (No. 9), The Statute Law Amendment Act, 1939 (No. 2).

Referred to a Committee of the Whole House to-day.

Bill (No. 10), The Municipal Amendment Act, 1939 (No. 2).

Referred to a Committee of the Whole House to-day.

Bill (No. 11), The Vacant Land Cultivation Amendment Act, 1939.

Referred to a Committee of the Whole House to-day.

Bill (No. 12), The Power Control Act, 1939.

Referred to a Committee of the Whole House to-day.

The House resolved itself into a Committee to consider Bill (No. 2), The Public Works Protection Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 3), The Income Tax Amendment Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 4), The Corporations Tax Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 5), The Mining Amendment Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 6), The Organization of Resources Act, 1939, and, after some time spent therein, Mr.

Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 7), The Execution of Trusts Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 8), An Act respecting Public Meetings and Public Processions, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report progress, and to ask for leave to sit again.

Resolved, That the Committee have leave to sit again to-morrow.

The House resolved itself into a Committee to consider Bill (No. 9), The Statute Law Amendment Act, 1939 (No. 2), and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 10), The Municipal Amendment Act, 1939 (No. 2), and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 11), The Vacant Land Cultivation Amendment Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 12), The

Power Control Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The following Bills were severally introduced and read the first time:—

Bill (No. 13), intituled, "An Act to amend The Voters' Lists Act." *Mr. Roebuck.*

Ordered, That the Bill be read a second time to-morrow.

Bill (No. 14), intituled, "An Act to amend The Assessment Act." *Mr. Roebuck.*

Ordered, That the Bill be read a second time to-morrow.

On motion of Mr. Conant, seconded by Mr. Nixon (Brant),

Ordered, That this House do forthwith resolve itself into a Committee to consider a certain proposed Resolution respecting an Act to govern the collection of Succession Duties in the Province of Ontario.

Mr. Nixon (Brant) acquainted the House that His Honour the Lieutenant-Governor, having been informed of the subject matter of the proposed Resolution, recommended it to the consideration of the House.

The House then resolved itself into the Committee.

(*In the Committee*)

Resolved.

That this House approves the terms of an Act intituled "The Succession Duty Act, 1939," as presented to the House, which Act provides for levying duty, on the death of any person, whether he dies domiciled in Ontario or elsewhere, as follows:

(*a*) Where any property situate in Ontario passes on his death, duty shall be levied on such property in accordance with the dutiable value thereof;

(*b*) Where there is a transmission, duty shall be levied on the person to whom there is such transmission, with respect to such transmission, in accordance with the dutiable value thereof;

(*c*) Where any disposition, other than of realty outside Ontario, is made in

Ontario on or after the 1st day of July, 1892, to any person who is resident in Ontario at the death of the deceased, duty shall be levied on such person, with respect to such disposition, in accordance with the dutiable value thereof;

(*d*) Where any disposition of any personal property, other than the property mentioned in subclauses IX and X of Clause P. of Section 1, is made outside Ontario on or after the 8th day of March, 1937, to any person who is resident in Ontario at the time such disposition is made and at the date of death of the deceased and the deceased was domiciled in Ontario at the time such disposition is made and at the date of his death, duty shall be levied on the person to whom such disposition is made, with respect to such disposition, in accordance with the value thereof;

at the rates and in the manner indicated in the said Bill and subject to the exemptions and deductions therein contained.

Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had come to a certain Resolution.

Ordered, That the Report be now received.

Resolved,

That this House approves the terms of an Act intituled "The Succession Duty Act, 1939," as presented to the House, which Act provides for levying duty, on the death of any person, whether he dies domiciled in Ontario or elsewhere, as follows:

(*a*) Where any property situate in Ontario passes on his death, duty shall be levied on such property in accordance with the dutiable value thereof;

(*b*) Where there is a transmission, duty shall be levied on the person to whom there is such transmission, with respect to such transmission, in accordance with the dutiable value thereof;

(*c*) Where any disposition, other than of realty outside Ontario, is made in Ontario on or after the 1st day of July, 1892, to any person who is resident in Ontario at the date of death of the deceased, duty shall be levied on such person, with respect to such disposition, in accordance with the dutiable value thereof;

(*d*) Where any disposition of any personal property, other than the property mentioned in subclauses IX and X of Clause P. of Section 1, is made outside Ontario on or after the 8th day of March, 1937, to any person who is resident in Ontario at the time such disposition is made and at the date of death of the deceased and the deceased was domiciled in Ontario at the time such disposition is made and at the date of his death, duty shall be levied on the person to whom such disposition is made, with respect to such disposition, in accordance with the value thereof;

at the rates and in the manner indicated in the said Bill and subject to the exemptions and deductions therein contained.

The Resolution having been read the second time was agreed to and referred to the House on Bill (No. 1).

The Order of the Day for the second reading of Bill (No. 1), The Succession Duty Act, 1939, having been read,

And a Debate having arisen, after some time, the Motion having been put, was carried on the following recorded Vote:—

YEAS

Acres
Armstrong
Arnott
Baird
Ballantyne
Begin
Bélanger
Black
Blakelock
Bradley
Brownridge
Campbell (Sault Ste. Marie)
Campbell (Kent, East)
Carr
Challies
Cholette
Conacher
Conant
Cooper
Croome
Cross
Dewan
Dickson
Doucett
Downer
Drew
Duckworth
Dunbar
Duncan
Elgie
Elliott
Fairbank
Freeborn
Frost
Gallagher
Gardhouse
Glass
Gordon
Guthrie
Habel
Hagey
Haines
Heenan
Henry
Hepburn (Prince Edward-Lennox)
Hepburn (Elgin)
Hipel
Houck
Hunter
Kelly
Kidd
King
Kirby
Lamport
Leduc
Macaulay
Macfie
MacKay
Mercer
Miller
Murphy
Murray
McEwing
McQuesten
Newland
Nixon (Brant)
Nixon (Temiskaming)
Oliver
Patterson
Reynolds
Roebuck
Simpson
Sinclair
Smith
Spence
Stewart
Summerville
Trottier
Welsh—79.

NAYS—0

And the Bill was accordingly read the second time and was referred to the Committee of the Whole House to-morrow.

The House then adjourned at 10.11 p.m.

THURSDAY, SEPTEMBER 21st, 1939

Prayers. 3 O'Clock P.M.

The following Bills were read the third time and were passed:—

Bill (No. 2), The Public Works Protection Act, 1939.

Bill (No. 3), The Income Tax Amendment Act, 1939.

Bill (No. 4), The Corporations Tax Act, 1939.

Bill (No. 5),The Mining Amendment Act, 1939.

Bill (No. 6), The Organization of Resources Act, 1939.

Bill (No. 7), The Execution of Trusts Act, 1939.

Bill (No. 9), The Statute Law Amendment Act, 1939 (No. 2).

Bill (No. 10), The Municipal Amendment Act, 1939 (No. 2).

Bill (No. 11), The Vacant Land Cultivation Amendment Act, 1939.

The Order of the Day for the second reading of Bill (No. 14), An Act to amend The Assessment Act, having been read,

Mr. Roebuck moved that the Bill be now read a second time,

And the Motion having been put was declared to be lost.

The Order of the Day for the second reading of Bill (No. 13), An Act to amend The Voters Lists Act, having been read,

Mr. Roebuck moved that the Bill be now read a second time.

And the Motion, having been put, was declared to be lost.

The Order of the Day for the third reading of Bill (No. 12), The Power Control Act, 1939, having been read,

Ordered, That the Order be discharged, and that the Bill be forthwith again referred to a Committee of the Whole, with instructions to amend the same.

The House accordingly resolved itself into the Committee; and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had amended the Bill as directed.

Ordered, That the Bill be read the third time to-morrow.

The House again resolved itself into a Committee to consider Bill (No. 8), An Act respecting Public Meetings and Public Processions, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 1), The Succession Duty Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report progress and to ask for leave to sit again.

Resolved, That the Committee have leave to sit again to-morrow.

The House then adjourned at 6.00 p.m.

FRIDAY, SEPTEMBER 22ND, 1939

PRAYERS. 3 O'CLOCK P.M.

The following Bills were read the third time and were passed:—

Bill (No. 8), An Act respecting Public Meetings and Public Processions.

Bill (No. 12), The Power Control Act, 1939.

The Prime Minister tabled a memorandum prepared by the Succession Duty Branch giving particulars of thirty estates, the assessment of which for taxation under the Succession Duty Act had been re-opened for further investigation and on which additional taxes had been collected. (*Sessional Paper No. 55.*)

The House again resolved itself into a Committee to consider Bill (No. 1), The Succession Duty Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-day.

The Order of the Day for the third reading of Bill (No. 1), The Succession Duty Act, 1939, having been read, Mr. Conant moved, That the Bill be now read the third time.

Mr. Drew moved, in Amendment, seconded by Mr. Challies, That all the words of the Motion, after the word "That" be omitted, and the following substituted: "the Bill be not now read the third time, but be read a third time six months hence."

The Amendment having been put was declared to be lost.

The Motion for the Third Reading of the Bill was then put and declared to be carried and the Bill was accordingly read a third time and was passed.

The Honourable the Lieutenant-Governor entered the Chamber of the Legislative Assembly and being seated upon the Throne,

Mr. Speaker addressed His Honour in the following words:—

May it please Your Honour:

The Legislative Assembly of the Province has at its present Sittings thereof passed several Bills to which, in the name and on behalf of the said Legislative Assembly, I respectfully request Your Honour's Assent.

The Clerk Assistant then read the titles of the Acts that had passed severally as follows:—

Bill (No. 1), The Succession Duty Act, 1939.

Bill (No. 2), The Public Works Protection Act, 1939.

Bill (No. 3), The Income Tax Amendment Act, 1939.

Bill (No. 4), The Corporations Tax Amendment Act, 1939.

Bill (No. 5), The Mining Amendment Act, 1939.

Bill (No. 6), The Organization of Resources Act, 1939.

Bill (No. 7), The Execution of Trusts Act, 1939.

Bill (No. 8), An Act respecting Public Meetings and Public Processions.

Bill (No. 9), The Statute Law Amendment Act, 1939 (No. 2).

Bill (No. 10), The Municipal Amendment Act, 1939 (No. 2).

Bill (No. 11), The Vacant Land Cultivation Amendment Act, 1939.

Bill (No. 12), The Power Control Act, 1939.

To these Acts the Royal Assent was announced by the Clerk of the Legislative Assembly in the following words:—

"In His Majesty's name, His Honour the Lieutenant-Governor doth assent to these Acts."

The Honourable the Lieutenant-Governor was then pleased to deliver the following speech:—

Mr. Speaker and Gentlemen of the Legislative Assembly:—

Three days ago, this Assembly met to consider the several important measures of legislation which you have just heard read. The dispatch with which you have concluded your deliberations is gratifying not only to me as His Majesty's representative in Ontario, but also, I am quite sure, to our citizens generally throughout the Province.

It is an indication once again to the outside world that when a grave emergency arises, our people are prepared to sink minor political differences and unite solidly in defense of our liberty and democratic institutions

The measures you have passed will enable my Ministers to proceed immediately with those activities incidental to War, which come within Provincial jurisdiction.

In time of war any Government is beset with many difficulties and problems, and it is my earnest wish that as you go back to your respective Constituencies, you will endeavour in every possible way to promote among the citizens you represent that unity of feeling and desire for service which you have displayed in this Chamber.

We are now engaged in a life and death struggle with a boastful, arrogant enemy who would ruthlessly crush out all personal, civil, and religious freedom. No one who has followed events of the past few years can doubt that. He must be decisively defeated if we are to preserve all those things we hold most dear.

In bringing your deliberations to a close, therefore, I wish to thank you for the emergency legislation you have passed, and I trust that in the months that lie ahead, Divine Providence will guide us to victory and along the pathway of a righteous peace.

The Provincial Secretary then said:—

Mr. Speaker and Gentlemen of the Legislative Assembly:—

It is the will and pleasure of The Honourable the Lieutenant-Governor that this Legislative Assembly be prorogued and this Legislative Assembly is accordingly prorogued.

JOURNALS

OF THE

LEGISLATIVE ASSEMBLY

OF THE PROVINCE OF ONTARIO

5TH SESSION, 20TH LEGISLATURE

JANUARY 10TH TO FEBRUARY 24TH, 1940

BOTH DAYS INCLUSIVE

4TH GEORGE VI, 1940

FIFTH SESSION—TWENTIETH LEGISLATURE

January 10th to February 24th, 1940

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Labour, Department of, Report	10	*Printed.*
Lands and Forests, Department, Report	3	*Printed.*
Legal Offices, Report	5	*Printed.*
Liquor Control Board, Report	20	*Printed.*
Loan Corporations, Registrar of, Report	7	*Printed.*

Title	No.	Remarks
Milk Control Board, Report	52	*Not Printed.*
Mines, Department of, Report	4	*Printed.*
Mining Act, Orders-in-Council	45	*Not Printed.*
Municipal Affairs, Department of, Report	31	*Not Printed.*
Municipal Board, Report	24	*Printed.*
Museum, Royal Ontario, Statement of Expenditures	42	*Not Printed.*
Niagara Parks Commission, Report for 1939	41	*Printed.*
Ontario Athletic Commission, Report	35	*Not Printed.*
Ontario Historical Society Report, 1938-1939	38	*Not Printed.*
Ontario Research Foundation, Report	50	*Not Printed.*
Ontario Veterinary College, Report	29	*Printed.*
Prisons and Reformatories, Report, 1940	18	*Printed.*
Public Service Superannuation Board, Report	36	*Not Printed.*
Public Welfare, Department of, Report	19	*Printed.*
Public Works, Department of, Report	8	*Printed.*
Secretary and Registrar, Report	33	*Not Printed.*
Statutes, Distribution, Report	30	*Not Printed.*
Temiskaming and Northern Ontario Railway, Report	23	*Printed.*
Toronto University, Report	12	*Printed.*
Trade Schools Regulation Act, Report	46	*Not Printed.*
Workmen's Compensation Board, Report	28	*Printed.*

LIST OF SESSIONAL PAPERS

Arranged in Numerical Order with their Titles at full length; the name of the Member who moved the same; and whether ordered to be printed or not.

No. 1	Public Accounts of the Province of Ontario for the twelve months ending March 31st, 1939. Presented to the Legislature, January 10th, 1940. *Printed.*
No. 2	Estimates of certain sums required for the service of the Province for the year ending March 31st, 1941. Presented to the Legislature, February 15th, 1940. *Printed.*
No. 3	Report of the Department of Lands and Forests, Ontario for year ending March 31st, 1939. Presented to the Legislature, February 19th, 1940. *Printed.*
No. 4	Forty-ninth Annual Report of the Department of Mines for the year 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 5	Annual Report of the Inspector of Legal Offices, Ontario, for the year ending December 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 6	Sixty-first Annual Report of the Superintendent of Insurance for the year ending December 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 7	Forty-third Annual Report of the Registrar of Loan Corporations for the year ending December 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 8	Report of the Department of Public Works for the twelve months ending 31st March, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 9	Thirty-second Annual Report of the Game and Fisheries Department for the year ending March 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 10	Report of the Department of Labour of the Province of Ontario for year ending March 31st, 1939. Presented to the Legislature, February 19th, 1940. *Printed.*
No. 11	Report of the Department of Education for the twelve months ending October 31st, 1939. Prseented to the Legislature, February 23rd, 1940. *Printed.*

No. 12 Report of the Board of Governors of the University of Toronto for the year ending June 30th, 1939. Presented to the Legislature, January 15th, 1940. *Printed.*

No. 13 Report relating to the Registration of Births, Marriages and Deaths in the Province of Ontario for the year ending December 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 14 Annual Report of the Department of Health, Ontario, 1939. Presented to the Legislature, February 15th, 1940. *Printed.*

No. 15 Seventy-second Annual Report of the Ontario Hospitals for the Mentally Ill, Mentally Defective, Epileptic and Habituate Patients for the year ending March 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 16 Seventieth Annual Report on the Hospitals and Sanitoria of the Province of Ontario for the year ending September 20th, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 18 Annual Report upon Prisons and Reformatories of the Province of Ontario for the year ending March 31st, 1940. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 19 Report of the Minister of Public Welfare for the fiscal year 1938-1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 20 Report of the Liquor Control Board of Ontario for year ending March 31st, 1939. Presented to the Legislature, January 25th, 1940. *Printed.*

No. 21 Report of the Minister of Agriculture, Ontario, for the year ending March 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 22 Report of the Statistics Branch, Department of Agriculture for the year 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 23 Report of the Temiskaming and Northern Ontario Railway Commission for year ending March 31st, 1939. Presented to the Legislature, January 10th, 1940. *Printed.*

No. 24 Annual Report of the Ontario Municipal Board for year ending December 31st, 1939. Presented to the Legislature, February 21st, 1940. *Printed.*

No. 26 Annual Report of the Hydro-Electric Power Commission of Ontario for year ending October 31st, 1939. Presented to the Legislature, February 21st, 1940. *Printed.*

No. 27 Report of the Provincial Auditor, Ontario, 1938-39. Presented to the Legislature, February 21st, 1940. *Printed.*

No. 28 Report of the Workmen's Compensation Board of Ontario, for the year 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 29 Report of the Ontario Veterinary College for the year 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 30 Report of the Distribution of the Sessional Statutes of Ontario, 1939 from April 1st, 1939, to February 3rd, 1940. Presented to the Legislature, February 23rd, 1940. *Not Printed.*

No. 31 Annual Report of the Department of Municipal Affairs of the Province of Ontario for the year ending March 31st, 1940. Presented to the Legislature, February 23rd, 1940. *Not Printed.*

No. 32 Annual Report of the Department of Highways for the fiscal year ending March 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Printed.*

No. 33 Report of the Secretary and Registrar of the Province of Ontario with respect to the Administration of The Companies Act, The Extra Provincial Corporations Act, The Mortmain and Charitable Uses Act, and The Companies Information Act for year ending March 31st, 1939. Presented to the Legislature, February 19th, 1940. *Not Printed.*

No. 35 Report of the Ontario Athletic Commission for year ending March 31st, 1939. Presented to the Legislature, January 25th, 1940. *Not Printed.*

No. 36 Annual Report of the Public Service Superannuation Board, Ontario, for year ending March 31st, 1939. Presented to the Legislature, January 19th, 1940. *Not Printed.*

No. 37 Annual Report of the Civil Service Commissioner of Ontario for the year ending March 31st, 1939. Presented to the Legislature, January 19th, 1940. *Not Printed.*

No. 38 Annual Report of the Ontario Historical Society for the year 1938-39. Presented to the Legislature, January 17th, 1940. *Not Printed.*

No. 39 Statement of Legislative Grants apportioned to the Rural Public Schools and all Separate Schools for the year 1939. Presented to the Legislature, January 24th, 1940. *Not Printed.*

No. 40 Interim Report of the Commission to inquire into Cancer Remedies as of December 30th, 1939. Presented to the Legislature, January 10th, 1940. *Not Printed.*

No. 41 Report of the Niagara Parks Commission for year ending March 31st, 1939. Presented to the Legislature, January 10th, 1940. *Printed.*

No. 42 Statement of Expenditures of Royal Ontario Museum for year ending June 30th, 1939. Presented to the Legislature, January 10th, 1940. *Not Printed.*

No. 43 Orders-in-Council made pursuant to The Insurance Act and The Guarantee Companies Securities Act, Department of Insurance. Presented to the Legislature, January 10th, 1940. *Not Printed.*

No. 44 Return to an Order of the House dated April 27th, 1939, that there be laid before the House a Return showing: 1. How much did the new bridge on Highway No. 11 situated in Burks Falls and opened in 1938 cost, (*a*) What was the amount of the original contract: (b) If changes were made what did these alterations cost: (*c*) How many engineers, surveyors, inspectors and superintendents were employed in connection with this structure. Mr. Arnott. Presented to the Legislature, January 10th, 1940. *Not Printed.*

No. 45 Order-in-Council passed pursuant to the provisions of The Mining Act. Presented to the Legislature, January 17th, 1940. *Not Printed.*

No. 46 Report on the operation of The Trade Schools Regulation Act, 1938, for the year 1939. Presented to the Legislature, January 24th, 1940. *Not Printed.*

No. 47 Orders-in-Council pertaining to the Department of Education, 1939-40. Presented to the Legislature, January 25th, 1940. *Not Printed.*

No. 48 Correspondence with the Treasurer of the Law Society of Upper Canada and Department of Justice at Ottawa re Barlow Report in connection with Bill (No. 48), an Act to amend The Jurors Act. Presented to the Legislature, February 9th, 1940. *Not Printed.*

No. 49 Return to an Order of the House, dated February 19th, 1940, That there be laid before this House a Return showing—1. What lands have been purchased by the Government in connection with the Ontario Hospital at St. Thomas, since March 15th, 1939. 2. How many acres of land were purchased since March 15th, 1939, (*a*) From whom was the land purchased, (*b*) What was the purchase price of each parcel of land. 3. The total amount expended on the Ontario Hospital at St. Thomas to date. 4. The total amount of tenders awarded. 5. To whom were tenders granted, and what was the amount in each case, since March 15th, 1939. 6. The total amount expended without tenders since March 15th, 1939. 7. The amount of extras have been granted on each specific tender, since March 15th, 1939. Mr. Kidd. Presented to the Legislature, February 19th, 1940. *Not Printed.*

No. 50 Report of the Ontario Research Foundation for year ending December 31st, 1939. Presented to the Legislature, February 21st, 1940. *Not Printed.*

No. 51	Annual Report upon the Industrial and Training Schools of the Province for the year ending March 31st, 1940. Presented to the Legislature, February 23rd, 1940. *Printed.*
No. 52	Annual Report of the Milk Control Board of Ontario for the year ending December 31st, 1939. Presented to the Legislature, February 23rd, 1940. *Not Printed.*

RETURNS ORDERED BUT NOT BROUGHT DOWN

Showing: 1. What purchases of coal were made by the Government during the fiscal year ended March 31st, 1939, indicating (*a*) the institutions or buildings for which coal was purchased, (*b*) the kinds and quantities of coal supplied by each dealer, to each institution, (*c*) the per ton price with respect to each purchase, (*d*) the total amount paid to each dealer with respect to coal supplied to each institution or building. 2. Was the coal purchased on a tender basis. 3. Were tenders advertised for, and if so, when and in what newspapers. 4. Was each dealer who so desired allowed to tender. 5. What was the total quantity of Nova Scotia coal purchased by the Government in the fiscal year ended March 31st, 1939.

JOURNALS

OF THE

LEGISLATIVE ASSEMBLY

OF THE

PROVINCE OF ONTARIO

WEDNESDAY, JANUARY 10TH, 1940

PROCLAMATION

ALBERT MATTHEWS

CANADA

PROVINCE OF ONTARIO

GEORGE THE SIXTH by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas KING, Defender of the Faith, Emperor of India.

To Our Faithful, the Members elected to serve in the Legislative Assembly of our Province of Ontario, and to every of you—GREETING.

PROCLAMATION

G. D. CONANT,
Attorney-General.

WHEREAS it is expedient for certain causes and considerations to convene the LEGISLATIVE ASSEMBLY of Our said Province and, therefore, WE DO WILL that you and each of you and all others in this behalf interested, on WEDNESDAY, the tenth day of the month of January now next, at OUR CITY OF TORONTO, personally be and appear for the actual Despatch of Business, to treat, act, do and conclude upon those things which, in Our Legislature of the Province of

Ontario, by the Common Council of Our said Province, may by the favour of God be ordained.

HEREIN FAIL NOT.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the GREAT SEAL of Our Province of Ontario to be hereunto affixed.

WITNESS:

THE HONOURABLE ALBERT MATTHEWS, LIEUTENANT-GOVERNOR OF OUR PROVINCE OF ONTARIO.

At Our City of Toronto, in Our said Province, this twentieth day of November in the year of Our Lord one thousand nine hundred and thirty-nine and in the third year of Our Reign.

BY COMMAND.

C. F. BULMER,
Clerk of the Crown in Chancery.

Wednesday, the tenth day of January, 1940, being the first day of the Fifth Session of the Twentieth Legislature of the Province of Ontario for the Despatch of Business pursuant to a Proclamation of the Honourable Albert Matthews, Lieutenant-Governor of the Province.

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3 O'CLOCK P.M.

And the House having met,

The Honourable the Lieutenant-Governor of the Province then entered the House and, being seated on the Throne, was pleased to open the Session by the following gracious speech:—

Mr. Speaker and Gentlemen of the Legislative Assembly:

Less than four months have passed since I opened the September Session of this Assembly. At that time my remarks were confined to the urgent measures then before you, and I refrained from commenting on the recent visit to this Chamber of Their Majesties, King George VI and Queen Elizabeth. It is only fitting that this historic event should be recorded in the journals of this Assembly. Most of you were privileged to meet Their Majesties and I am sure that their lively interest and constant graciousness will live always in our hearts.

Since the outbreak of war my Ministers have pursued a vigorous policy within the scope permitted to them by the British North America Act. Immediate steps were taken to secure adequate finances which, due to a succession of balanced budgets, were immediately available at a favourable rate of interest. A policy of the strictest economy was laid down and a virtual holiday on capital expenditure was declared. Except where absolutely essential, capital commit-

ments will be reserved for the post-war period, when they will be most needed. The Province placed immediately at the disposal of the Dominion Government all its resources. The new hospital at St. Thomas has been turned over to the Royal Canadian Air Force and provincial highway engineers and the forestry patrol service have been engaged on Dominion projects. I am particularly proud of the way in which Ontario once again demonstrated its loyalty. Men enlisting over-taxed the capacity of the recruiting stations and contributions to the Canadian Red Cross Society exceeded the amount asked for.

It is apparent that economic warfare will be a vital factor in the present conflict, and it is gratifying to know that the field crops in Ontario during the past year were above normal, with a consequent increase of live stock on the farms. A recent agreement calls for the delivery of 5,000,000 pounds of Canadian bacon weekly to the British Government, and it is confidently expected that Ontario production will be increased to supply half of this total. With this end in view, the Department of Agriculture is endeavouring to secure a maximum crop of feed grains. At present we have an ample supply of excellent seed grain which, with better methods of cultivation, should produce an increased yield per acre. There has been a much greater demand recently for assistance in combatting animal diseases, and the willingness of stock owners to co-operate is a promising feature of the broader plans now being laid. A better understanding has also developed between organized fruit producers and processors.

In the industrial field a special committee has been set up within the Department of Labour, to co-operate with employers engaged in the manufacture of war materials. All applications for over-time permits are dealt with by the committee and, in many instances, employers have been persuaded to employ a second and even a third shift, with the result that more people have been put to work and relief rolls reduced. All civilian employees required in Ontario by the Department of National Defence will be obtained through our employment service and close contact is being maintained with all firms manufacturing war supplies, in an effort to provide them with the skilled labour that is needed. In this connection the training schools that have been established for aircraft mechanics, welders and machine shop work will be of particular value. A marked improvement in industrial relations is indicated by the fact that loss of time due to strikes is only half that of 1938 and one-eighth of the year previous, due, in large measure, to the Government conciliation service.

Increasing activity within the Province is shown in the aggregate primary loads of the co-operative systems of the Hydro-Electric Power Commission which increased from 1,340,000 horse-power in October, 1938, to 1,500,000 horse-power in October, 1939, a gain of 12 per cent. The total load, including the Northern Ontario properties, is close to 2,000,000 horse-power, which is the highest ever carried. Adequate power resources are available to meet any present war-time needs and plans that will take care of possible future demands are under way. During the year, more than 13,000 new rural customers were added and 2,300 miles of primary lines constructed. This makes a total of 18,000 miles of rural lines serving 113,000 customers. The aggregate load supplied to the rural power districts increased by over 15 per cent. during the year.

The question of safeguarding vital hydro properties became urgent when war broke out, but as the result of previous preparation by the Attorney-General's

Department there was no delay in providing effective protection. The Provincial Police force has been augmented by placing on duty 139 reserve constables and 596 veteran guards. These guards, armed and uniformed, are now in a commendable state of efficiency. As a further measure of co-ordination the motorcycle patrol has been merged with the Provincial Police.

For several months past, the Attorney-General's Department has been carrying out a survey of the administration of justice, and legislation will be submitted to you containing some important proposed changes.

The Department of Health, since the summer of 1938 when new legislation became effective, has made considerable progress in the fight against tuberculosis. There is now a marked shortening of the interval between discovery of a case and admission to sanatorium, while after-care has made possible a shorter stay. This has resulted in greater numbers passing through the various sanatoria. Milk pasteurization is now effective in all but the smallest of communities. This will result in lasting benefit to both children and adults. Legislation will be submitted to you for licensing and regulating diagnostic and public health laboratories, some of which are operated privately; and also for controlling fresh air camps with respect to sanitation, water and food supply.

The mining industry of the Province registered an all-time high record in 1939, with a production estimated at $237,000,000, as against $220,000,000 in 1938. It is confidently expected that the production for 1940 will be still higher.

Eight new gold producers were reported in 1939, bringing the total number of active gold mills to sixty-six, from which over $109,000,000 was recovered. The nickel-copper industry also showed marked improvement, the output value being estimated at more than $100,000,000, an increase of nearly eight per cent. over 1938.

The year 1939 also marked the resumption of iron mining in the Province, when the Helen Mine was reopened. This is the first production of domestic iron ore since 1924 and it was made possible by the passing of The Iron Ore Bounty Act of 1937 by the Legislature. It is of interest to note that recently the War Supply Board summoned the President of the mine to Ottawa and he informed the Board that at present 1,200 tons of ore are being produced daily and this will shortly be increased to the huge total of 1,800 tons daily. As practically all ore in Canada was previously imported, the beneficial effect of this development cannot be overestimated, both with respect to our war effort and our internal economy.

For the present fiscal year the revenue of the Department of Game and Fisheries is expected to reach a record high of $1,000,000, leaving a balance over current expenditure of approximately $400,000, which is a substantial increase over previous years. The development of hatcheries and rearing ponds has been steadily pursued and the re-stocking programme has produced extremely satisfactory results. These activities play an important part, along with our excellent highway system, in attracting tourists to Ontario and it is worthy of note that despite the war there was an increase in visitors with extended permits. It is estimated that tourists spent approximately $100,000,000 in Ontario last year

and, with overseas travel suspended, Ontario should benefit correspondingly during the present year.

Considerable new construction was carried out by the Department of Highways last year, particularly in Northern Ontario, and the maintenance of existing highways must be continued. It will be necessary, however, to limit capital expenditure to replacements which are essential if salvage value is not to be lost, and to the rebuilding, particularly in Northern Ontario, of bridges which are worn out. Prisoners from provincial institutions are at work on the highway out of Long Lac and this has made available the industrial farm at Langstaff for use as an Ontario hospital.

The Department of Education is directing its efforts to maintaining the normal activities of the schools and is co-operating with various agencies to provide educational facilities for young men who have enlisted. The results of the changes made in the courses of study in recent years appear to be satisfactory.

Marked progress has been made in dealing with municipal default. Of the $104,000,000 in default in 1934 over $92,000,000 has been refunded and plans for refunding an additional $10,400,000 are now before the Ontario Municipal Board. The municipal debt which amounted to $494,000,000 at the end of 1933, was reduced by the end of 1938 to $404,000,000. During the same period the per capita levy was reduced from $36.97 to $34.24. It can be asserted, therefore, that Ontario municipalities are now in a sound position. Assumption by the Province of all payments formerly borne by the municipalities with respect to provincial highways, Mothers' Allowances, old age pensions and indigent patients in sanatoria, together with increased aid to township roads and the one and a half mill subsidy have undoubtedly played a large part in this inprovement. Legislation will be introduced providing for the payment of this subsidy on the basis of equalized assessment for county purposes and not on the basis of local assessment, as at present. As a measure of war-time economy, legislation providing for a two-year term for municipal councils will also be placed before you.

During the calendar year 1939 there was expended in Ontario approximately $21,470,000 for unemployment relief, of which the Province paid $9,560,000 and the municipalities $5,150,000. In 1938 the municipal share was 27.64 per cent. Since April 1st, 1939, this has been reduced to 18.50 per cent. With increased employment relief expenditures continue to fall steadily.

The Temiskaming and Northern Ontario Railway reports improved earnings during the year just closed, freight traffic being much higher since the outbreak of war. Exploration of the lignite deposits at Onakawana has been carried out in recent months and further development of this important asset will continue in 1940.

More than 170 members of the Civil Service have already enlisted and an Order-in-Council has been passed ensuring that their positions will be kept open for them. In view of the need for economy, they are not being replaced unless absolutely necessary and, since the first days of war, all new appointees have been required to sign a declaration that their services are to be of a temporary character only. The Assembly will be pleased to hear that Pilot D. A. Willis, who recently

had the honour of describing to His Majesty the first British flight over Berlin, was formerly employed at Queen's Park.

The Public Accounts for the year ending March 31st, 1939, have been issued and estimates for the ensuing year will shortly be placed before you.

In addition to the legislation already mentioned, Bills will be introduced to extend The Mortgagors' and Purchasers' Relief Act, and to amend The Public Health Act, The Public Hospitals Act, The Fire Insurance Act, The Highway Traffic Act, The Highway Improvement Act, The Succession Duty Act, The Assessment Act, The Municipal Act, and various other statutes.

In conclusion, I trust that Divine Providence will guide your deliberations to the promotion of the public welfare.

The Honourable the Lieutenant-Governor was then pleased to retire.

PRAYERS.

Mr. Speaker informed the House that he had received a message from His Majesty the King in reply to the address of welcome presented to Their Majesties on the occasion of Their visit to the Legislative Assembly on May 22nd, 1939, which message was read by Mr. Speaker as follows:—

The Speaker of the Legislative Assembly of the Province of Ontario.

The kind words and the loyal assurances, to which the Address from the Legislative Assembly of the Province of Ontario gives expression, are most gratifying, and I desire to thank the Assembly and the people of Ontario for their most friendly welcome.

I am much touched by the allusions to my revered Father, His late Majesty King George the Fifth, which are contained in your Address.

The Queen and I are charmed by the beauty of your Province and much impressed with the vigorous life of its communities. We are delighted by our visit to this your Capital, a city rich in historic memories.

The people of Ontario, the central Province of the Dominion, have, by their great qualities, made a very significant contribution to the material progress of Canada and an equally important one to the formation of its national character.

On behalf of The Queen, I desire to thank you most sincerely for your expressions of devotion, and I shall not fail to tell our daughters of your affectionate interest in their welfare.

It gives us the utmost pleasure to be with you. We regret that the shortness of the time at our disposal will not permit us to see more of the splendid natural resources of Ontario, or to visit your fine educational institutions.

We pray that Divine Providence, in Its wisdom, may continue to bring peace and prosperity to the people of Ontario.

GEORGE R.I.

22nd May, 1939.

Mr. Leduc, from the Select Committee appointed on April 27th, 1939, to inquire into the administration of the Department of Lands and Forests, presented their first report, which was read as follows and adopted:—

The Select Committee of the Ontario Legislature, appointed to inquire into the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests held its first sitting in Committee Room No. 1, Parliament Buildings, on Friday, December 1st. All members of the Committee with the exception of the Hon. C. A. Campbell were present. A letter from Hon. Mr. Campbell was read, intimating that he would be unable to attend meetings of the Committee due to the fact that he is a member of the Canadian Active Service Force. The method of proceeding with the inquiry was discussed, and Mr. Nixon moved, seconded by Col. G. A. Drew,

> "That the Chairman of this Committee do ask the House to appoint an additional member to the Committee in the place and stead of the Honourable Colin A. Campbell, now on Active Service, and also for leave for the Committee to sit concurrently with the House, and to ask also that power be given to the Committee to summon witnesses and to order the production of documents."

The motion was adopted.

The Committee adjourned until the 12th day of January, 1940, at 10.30 in the morning.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That the Speech of the Honourable the Lieutenant-Governor be taken into consideration To-morrow.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That Select Standing Committees of this House, for the present Session, be appointed for the following purposes: 1. On Privileges and Elections; 2. On Railways; 3. On Miscellaneous Private Bills; 4. On Standing Orders; 5. On Public Accounts; 6. On Printing, 7. On Municipal Law; 8. On Legal Bills; 9. On Agriculture; 10. On Fish and Game; 11. On Labour.

Which said Committees shall severally be empowered to examine and enquire into all such matters and things as shall 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.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Leduc,

Ordered, That the name of Mr. Heenan be substituted for the name of Mr. Campbell (Sault Ste. Marie) in the list of Members named by this House on Thursday, April 27th, 1939, to constitute a Select Committee as authorized by the House on Tuesday, April 18th, 1939, to investigate, inquire into, and report upon all matters pertaining to the administration, licensing, sale, supervision, and conservation of natural resources by the Department of Lands and Forests.

And that the said Select Committee shall have full power and authority to call for persons, papers, and things, and to examine witnesses under oath, and the Assembly doth hereby command and compel the attendance before the said Select Committee of such persons and the production of such papers and things as the said Committee may deem necessary for any of its proceedings or deliberations, for which purpose the Honourable the Speaker may issue his warrant or warrants.

The following Bills were severally introduced and read the first time:—

Bill (No. 18), intituled "An Act to exempt Officers of His Majesty's Air Force from Jury Duty." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 19), intituled "The Mortgagors' and Purchasers' Relief Act, 1940." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 20), intituled "An Act to amend The Insurance Act." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 21), intituled "An Act respecting Survivorship in Common Disasters." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Mr. Nixon (Brant) presented to the House, by command of the Honourable the Lieutenant-Governor:—

Public Accounts of the Province of Ontario for the twelve months ending March 31st, 1939. (*Sessional Papers No. 1.*)

Ordered, That the Public Accounts of the Province be referred to the Standing Committee on Public Accounts.

The Provincial Secretary presented to the House, by command of the Honourable the Lieutenant-Governor:—

Interim Report of the Commission to inquire into Cancer Remedies as of December 30th, 1939. (*Sessional Papers No. 40.*)

Also, Report of the Niagara Parks Commission for year ending March 31st, 1939. (*Sessional Papers No. 41.*)

Also, Statement of Expenditures of Royal Ontario Museum for year ending June 30th, 1939. (*Sessional Papers No. 42.*)

Also, Orders-in-Council made pursuant to The Ontario Insurance Act and The Guarantee Companies Securities Act, Department of Insurance. (*Sessional Papers No. 43.*)

Also, Report of the Temiskaming and Northern Ontario Railway Commission for year ending March 31st, 1939. (*Sessional Papers No. 23.*)

Also, Return to an Order of the House dated April 27th, 1939, that there be laid before this House a Return showing: 1. How much did the new bridge on Highway No. 11 situated in Burk's Falls and opened in 1938, cost; (*a*) What was the amount of the original contract; (*b*) If changes were made what did these alterations cost; (*c*) How many engineers, surveyors, inspectors and superintendents were employed in connection with this structure. (*Sessional Papers No. 44.*)

The House then adjourned at 3.50 p.m.

THURSDAY, JANUARY 11TH, 1940

PRAYERS. 3 O'Clock P.M.

The following Petitions were severally brought up and laid upon the Table:—

By Mr. Newlands, the Petition of Harold Percy Wright and Richard Dawson of the City of Hamilton and George Appleton of the City of Toronto et al; also, the Petition of the Young Women's Christian Association of Hamilton.

By Mr. Frost, the Petition of St. Paul's Congregation of the United Church of Canada in Orillia; also, the Petition of the Corporation of the Village of Sturgeon Point.

By Mr. Strachan, the Petition of the Corporation of the City of Toronto.

By Mr. Hagey, the Petition of the Corporation of the City of Brantford.

By Mr. Fletcher, the Petition of William C. Wride and Josie Wride.

By Mr. Cooper, the Petition of the Corporation of the Town of Chelmsford.

By Mr. McEwing, the Petition of the Corporation of the Township of Melancthon.

By Mr. Mackay, the Petition of the Young Men's Christian Association of Hamilton.

The Order of the Day for the Consideration of the Speech of the Honourable the Lieutenant-Governor at the opening of the Session having been read,

Mr. Fairbank moved, seconded by Mr. Bégin,

That an humble Address be presented to the Honourable the Lieutenant-Governor as follows:—

To The Honourable Albert Matthews,
Lieutenant-Governor of the Province of Ontario.

We, His Majesty's most dutiful and loyal subjects, the Legislative Assembly of the Province of Ontario, now assembled, beg leave to thank Your Honour for the gracious speech Your Honour has addressed to us.

And a Debate having ensued, it was, on the motion of Mr. Drew,

Ordered, That the Debate be adjourned until Tuesday next.

On the motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That a Select Committee of nine members be appointed to prepare and report, with all convenient dispatch, lists of the members to compose the Select Standing Committees ordered by this House, to be composed as follows:—

Messrs. Freeborn (Chairman), Campbell (Kent East), Carr, Glass, Henry, Kidd, Nixon (Brant), Oliver and Strachan.

The quorum of the said Committee to consist of three members.

The House then adjourned at 4.00 p.m.

FRIDAY, JANUARY 12TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were severally brought up and laid upon the Table:—

By Mr. Cholette, the Petition of the Corporation of the Town of Bonfield.

By Mr. Baker, the Petition of the Corporation of the Township of North York.

The following Petitions were read and received:—

Of Harold Percy Wright and Richard Dawson of the City of Hamilton and George Appleton of the City of Toronto, et al, praying that an Act may pass constituting the petitioners as the Society of Cost and Industrial Accountants of Ontario.

Of the Corporation of the City of Toronto, praying that an Act may pass authorizing the said Corporation to cancel the assessment of rooming houses for the taxes of 1939, to prohibit the Consumers' Gas Company of Toronto levying any service charge or meter rental, and for other purposes.

Of St. Paul's Congregation of the United Church of Canada in Orillia, praying that an Act may pass confirming the title of the petitioners in certain properties.

Of the Corporation of the City of Brantford, praying that an Act may pass authorizing a special assessment on a graduated scale for certain industries in the City of Brantford.

Of William C. Wride and Josie Wride, praying that an Act may pass vesting in the petitioners the ownership of certain properties in the Township of Gosfield in the County of Essex.

Of the Corporation of the Village of Sturgeon Point, praying that an Act may pass placing the Village under Part IV of The Power Commission Act.

Of the Young Men's Christian Association of Hamilton, praying that an Act may pass fixing the assessment of the property of the petitioners at the sum of $25,000.00.

Of the Young Women's Christian Association of Hamilton, praying that an Act may pass fixing the assessment of the property of the petitioners at the sum of $25,000.00.

Of the Corporation of the Town of Chelmsford, praying that an Act may pass bringing the Town within the authority of Part IV of the Power Commission Act.

Of the Corporation of the Township of Melancthon, praying that an Act may pass validating certain by-laws governing the collection of taxes in connection with a certain drainage plan for the Townships of Melancthon and Osprey.

Mr. Freeborn, from the Select Committee appointed to strike the Standing Committees of the House, presented its report, which was read, as follows, and adopted:—

Your Committee recommends that the Standing Committees of the House, as listed hereunder, be composed as follows:—

COMMITTEE ON STANDING ORDERS

The Honourable Mr. Hepburn, Messrs. Anderson, Arnott, Baker, Bélanger, Black, Brownridge, Campbell (Kent East), *Carr, Cooper, Croll, Croome, Drew, Duckworth, Elgie, Elliott, Fletcher, Frost, Gardhouse, Glass, Guthrie, Habel, Henry, Houck, Kidd, King, Lamport, Leduc, Macfie, MacGillivray, MacKay, Miller, Murray, Nixon* (Brant), *Nixon* (Temiskaming), *Oliver, Patterson, Robertson, Sinclair, Strachan* and *Welsh*—41.

The Quorum of the said Committee to consist of seven members.

COMMITTEE ON PRIVILEGES AND ELECTIONS

The Honourable Mr. Hepburn, Messrs. Armstrong, Baird, Baker, Bélanger, Black, Brownridge, Carr, Conacher, Conant, Cooper, Croll, Croome, Cross, Dewan, Drew, Duncan, Elgie, Elliott, Fletcher, Freeborn, Frost, Glass, Gordon, Hagey, Heenan, Henry, Hipel, Hunter, Kidd, King, Kirby, Macaulay, Murphy, Murray, McQuesten, Nixon (Brant), *Nixon* (Temiskaming), *Oliver, Patterson, Roebuck, Simpson, Stewart, Strachan, Welsh*—45.

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON RAILWAYS

The Honourable Mr. Hepburn, Messrs. Acres, Anderson, Armstrong, Baird, Baker, Bradley, Brownridge, Campbell (Sault Ste. Marie), *Carr, Challies, Conacher, Cox, Croome, Dewan, Dickson, Doucett, Duckworth, Dunbar, Duncan, Elgie, Gallagher, Glass, Gordon, Habel, Hagey, Haines, Heenan, Henry, Hepburn* (Prince Edward-Lennox), *Hipel, Hunter, Kelly, Kidd, Kirby, Macaulay, Macfie, Mercer, Murphy, Murray, McEwing, McQuesten, Nixon* (Temiskaming), *Oliver, Patterson, Reynolds, Robertson, Sinclair, Smith, Spence, Strachan, Summerville, Trottier, Welsh—54.*

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON PRIVATE BILLS

The Honourable Mr. Hepburn, Messrs. Acres, Anderson, Armstrong, Arnott, Baird, Baker, Ballantyne, Bégin, Bélanger, Bethune, Black, Blakelock, Brownridge,

Campbell (Kent East), *Carr*, *Conacher*, *Conant*, *Cooper*, *Cox*, *Croll*, *Croome*, *Cross*, *Dewan*, *Dickson*, *Downer*, *Drew*, *Duckworth*, *Dunbar*, *Duncan*, *Elgie*, *Elliott*, *Fairbank*, *Fletcher*, *Freeborn*, *Frost*, *Gardhouse*, *Glass*, *Hagey*, *Haines*, *Henry*, *Hipel*, *Houck*, *Hunter*, *Kelly*, *Kennedy*, *Kidd*, *King*, *Kirby*, *Lamport*, *Leduc*, *Macaulay*, *Macfie*, *Mackay*, *Miller*, *Murphy*, *Murray*, *McEwing*, *Newlands*, *Nixon* (Brant), *Nixon* (Temiskaming), *Oliver*, *Patterson*, *Roebuck*, *Sinclair*, *Smith*, *Stewart*, *Strachan*, *Summerville*, *Trottier*, *Welsh*—71.

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON PUBLIC ACCOUNTS

The Honourable Mr. Hepburn, *Messrs. Acres*, *Anderson*, *Armstrong*, *Arnott*, *Baird*, *Baker*, *Ballantyne*, *Bélanger*, *Black*, *Blakelock*, *Bradley*, *Brownridge*, *Campbell* (Kent East), *Carr*, *Challies*, *Conant*, *Cooper*, *Cox*, *Cross*, *Dewan*, *Dickson*, *Doucett*, *Drew*, *Duckworth*, *Dunbar*, *Duncan*, *Elgie*, *Elliott*, *Fairbank*, *Fletcher*, *Freeborn*, *Frost*, *Gardhouse*, *Glass*, *Gordon*, *Habel*, *Hagey*, *Heenan*, *Henry*, *Hipel*, *Houck*, *Kelly*, *Kidd*, *Kirby*, *Lamport*, *Leduc*, *Macaulay*, *Macfie*, *MacGillivray*, *Mackay*, *Mercer*, *Miller*, *Murphy*, *Murray*, *McEwing*, *McQuesten*, *Newlands*, *Nixon* (Brant), *Nixon* (Temiskaming), *Oliver*, *Patterson*, *Reynolds*, *Roebuck*, *Simpson*, *Smith*, *Stewart*, *Strachan*, *Welsh*—69.

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON PRINTING

The Honourable Mr. Hepburn, *Messrs. Acres*, *Bégin*, *Bélanger*, *Campbell* (Kent East), *Challies*, *Cholette*, *Conacher*, *Cooper*, *Croome*, *Downer*, *Dunbar*, *Duncan*, *Fairbank*, *Gallagher*, *Guthrie*, *Henry*, *Hunter*, *Kidd*, *King*, *Kirby*, *Leduc*, *Murphy*, *McEwing*, *Nixon* (Brant), *Nixon* (Temiskaming), *Simpson*, *Strachan*—28.

The Quroum of the said Committee to consist of five Members.

COMMITTEE ON MUNICIPAL LAW

The Honourable Mr. Hepburn, *Messrs. Anderson*, *Baird*, *Ballantyne*, *Bégin*, *Bethune*, *Black*, *Blakelock*, *Bradley*, *Campbell* (Kent East), *Carr*, *Challies*, *Cholette*, *Cooper*, *Cox*, *Croll*, *Cross*, *Dewan*, *Dickson*, *Doucett*, *Drew*, *Duckworth*, *Elgie*, *Elliott*, *Fletcher*, *Freeborn*, *Gallagher*, *Gardhouse*, *Glass*, *Gordon*, *Hagey*, *Haines*, *Henry*, *Hepburn* (Prince Edward-Lennox), *Hipel*, *Houck*, *Kelly*, *Kidd*, *King*, *Kirby*, *Lamport*, *Macaulay*, *Macfie*, *MacGillivray*, *Mackay*, *Mercer*, *Miller*, *Murphy*, *Murray*, *McEwing*, *McQuesten*, *Oliver*, *Robertson*, *Sinclair*, *Smith*, *Spence*, *Stewart*, *Strachan*, *Summerville*, *Trottier*—*60*.

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON LEGAL BILLS

The Honourable Mr. Hepburn, *Messrs. Anderson*, *Arnott*, *Baird*, *Bethune*, *Bradley*, *Conant*, *Cooper*, *Cox*, *Croll*, *Cross*, *Drew*, *Elgie*, *Elliott*, *Fletcher*, *Frost*. *Gordon*, *Glass*, *Hagey*, *Henry*, *Kidd*, *Kirby*, *Leduc*, *Macaulay*, *McQuesten*, *Newlands*, *Roebuck*, *Stewart*, *Strachan*—*29*.

The Quorum of the said Committee to consist of five Members.

COMMITTEE ON AGRICULTURE

The Honourable Mr. Hepburn, Messrs. Acres, Armstrong, Baker, Ballantyne, Bégin, Bethune, Black, Blakelock, Brownridge, Campbell (Kent East), *Campbell* (Sault Ste. Marie), *Carr, Challies, Cholette, Croome, Dewan, Dickson, Doucett, Downer, Drew, Duckworth, Duncan, Fletcher, Freeborn, Gardhouse, Guthrie, Habel, Heenan, Henry, Hepburn* (Prince Edward-Lennox), *Houck, Hunter, Kennedy, Kidd, King, Macfie, MacGillivray, Mercer, Miller, Murphy, Murray, McEwing, Nixon* (Brant), *Nixon* (Temiskaming), *Oliver, Patterson, Reynolds, Robertson, Sinclair, Spence, Strachan, Trottier, Welsh*—54.

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON FISH AND GAME

The Honourable Mr. Hepburn, Messrs. Acres, Armstrong, Baker, Ballantyne, Bélanger, Black, Blakelock, Bradley, Brownridge, Campbell (Kent East), *Campbell* (Sault Ste. Marie), *Carr, Challies, Cholette, Conacher, Cooper, Cox, Croome, Dewan, Dickson, Doucett, Drew, Duncan, Elgie, Elliott, Fairbank, Fletcher, Freeborn, Gardhouse, Gordon, Guthrie, Habel, Haines, Heenan, Henry, Hepburn* (Prince Edward-Lennox), *Hunter, Kelly, Kidd, Kirby, Lamport, Macfie, MacGillivray, Mercer, Miller, Murphy, Murray, McEwing, Nixon* (Brant), *Nixon* (Temiskaming), *Oliver, Patterson, Reynolds, Robertson, Sinclair, Smith, Spence, Strachan, Trottier, Welsh*—61.

The Quorum of the said Committee to consist of nine Members.

COMMITTEE ON LABOUR

The Honourable Mr. Hepburn, Messrs. Anderson, Arnott, Blakelock, Challies, Cholette, Conacher, Cross, Dickson, Drew, Duckworth, Dunbar, Elliott, Fairbank, Frost, Gardhouse, Glass, Gordon, Haines, Hagey, Heenan, Hipel, Kelly, Kidd, King, Kirby, Macaulay, Mackay, Newlands, Oliver, Roebuck, Smith, Spence, Stewart, Strachan, Trottier—36.

The Quorum of the said Committee to consist of seven members.

On motion by Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That a Select Committee be appointed to act with Mr. Speaker in the control and management of the Library, to be composed as follows:—

Messrs. Armstrong (Chairman), *Arnott, Baird, Bélanger, Duncan, Henry, King, Leduc* and *Robertson.*

On motion by Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That a Select Committee be appointed to direct the expenditure of any sum set apart by the Estimates for Art Purposes, to be composed as follows:—

Messrs. Hunter (Chairman), *Bélanger*, *Black*, *Kelly*, *Kidd*, *McQuesten*, *Murray*, *Oliver* and *Patterson*.

The following Bills were severally introduced and read the first time:—

Bill (No. 22), intituled, "An Act to confirm Tax Sales." *Mr. Cross.*

Ordered, That the Bill be read the second time on Monday next.

Bill (No. 23), intituled, "An Act to amend The Dairy Products Act, 1938." *Mr. Dewan.*

Ordered, That the Bill be read the second time on Monday next.

The following Bills were severally read the second time:—

Bill (No. 18), An Act to exempt Officers of His Majesty's Air Force from Jury Duty.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 19), The Mortgagors' and Purchasers' Relief Act, 1940.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 20), An Act to amend The Insurance Act.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 21), An Act respecting Survivorship in Common Disasters.

Referred to a Committee of the Whole House on Monday next.

The House then adjourned at 3.45 p.m.

MONDAY, JANUARY 15TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were read and received:—

Of the Corporation of the Township of North York, praying that an Act may pass prohibiting the annexation of any part of the Township to another municipality for a period of five years and to alter the date for the election of School Trustees.

Of the Corporation of the Town of Bonfield, praying that an Act may pass bringing the Town within the provisions of Part IV of the Power Commission Act.

The following Bill was read the second time:—

Bill (No. 22), An Act to confirm Tax Sales.

Referred to a Committee of the Whole House to-morrow.

The House resolved itself into a Committee to consider Bill (No. 19), The Mortgagors' and Purchasers' Relief Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 20), An Act to amend The Insurance Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 21), An Act respecting Survivorship in Common Disasters, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The Provincial Secretary presented to the House, by command of the Honourable the Lieutenant-Governor:—

Report of the Board of Governors of the University of Toronto for the year ending June 30th, 1939. (*Sessional Papers No. 12.*)

The House then adjourned at 3.20 p.m.

TUESDAY, JANUARY 16TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bill was introduced and read the first time:—

Bill (No. 24), intituled, "The Local Government Extension Act, 1940." *Mr. Cross.*

Ordered, That the Bill be read the second time to-morrow.

The Order of the Day for resuming the Adjourned Debate on the Motion for consideration of the Speech of The Honourable the Lieutenant-Governor at the opening of the Session, having been read,

The Debate was resumed and, after some time, it was on the motion of Mr. Hunter,

Ordered, That the Debate be further adjourned until to-morrow.

The House then adjourned at 4.45 p.m.

WEDNESDAY, JANUARY 17TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were severally brought up and laid upon the Table:—

By Mr. Nixon (Temiskaming), the Petition of the Corporation of the Town of Charlton.

By. Mr. Hepburn (Prince Edward-Lennox), the Petition of the Corporation of the Town of Napanee.

By. Mr. Duncan, the Petition of the Corporation of the City of London.

Mr. Glass, from the Standing Committee on Standing Orders, presented their First Report which was read as follows and adopted:—

Your Committee on Standing Orders has carefully examined the following Petitions and finds the notices as published in each case sufficient:—

Of Harold Percy Wright and Richard Dawson, of the City of Hamilton, and George Appleton, of the City of Toronto, et al, praying that an Act may pass to incorporate The Society of Cost and Industrial Accountants of Ontario.

Of the Corporation of the City of Toronto, praying that an Act may pass authorizing the said Corporation to cancel the assessment of rooming houses for the taxes of 1939, to prohibit the Consumers Gas Company of Toronto levying any service charge or water rental and for other purposes.

Of William C. Wride and Josie Wride, praying that an Act may pass vesting in the petitioners the ownership of certain properties in the Township of Gosfield in the County of Essex.

Of the Young Men's Christian Association of Hamilton, praying that an Act may pass fixing the assessment of the property of the petitioners at the sum of $25,000.00.

Of the Young Women's Christian Association of Hamilton, praying that an Act may pass fixing the assessment of the property of the petitioners at the sum of $25,000.00.

On the motion of Mr. Nixon (Brant), seconded by Mr. Conant,

Ordered, That Mr. Patterson be appointed as Chairman of the Committee of the Whole House for the present Session.

The following Bills were severally introduced and read the first time:—

Bill (No. 25), intituled, "An Act to amend The Companies Act." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 26), intituled, "An Act to amend The Change of Name Act, 1939." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

The following Bills were read the third time and were passed:—

Bill (No. 19), The Mortgagors' and Purchasers' Relief Act, 1940.

Bill (No. 20), An Act to amend The Insurance Act.

Bill (No. 21), An Act respecting Survivorship in Common Disasters.

The following Bill was read the second time:—

Bill (No. 23), An Act to amend The Dairy Products Act, 1938.

Referred to a Committee of the Whole House to-morrow.

The Order of the Day for resuming the Adjourned Debate on the Motion for consideration of the Speech of The Honourable the Lieutenant-Governor at the opening of the Session, having been read,

The Debate was resumed and, after some time, it was on the motion of Mr. Lamport,

Ordered, That the Debate be further adjourned until to-morrow.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Order-in-Council passed pursuant to the provisions of The Mining Act (*Sessional Papers No. 45.*)

Also, Annual Report of the Ontario Historical Society for the year 1938-1939. (*Sessional Papers No. 38.*)

The House then adjourned at 4.25 p.m.

THURSDAY, JANUARY 18TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were read and received:—

Of the Corporation of the Town of Charlton, praying that an Act may pass bringing the Town within the provisions of Part IV of The Power Commission Act.

Of the Corporation of the Town of Napanee, praying that an Act may pass separating the said Town from the County of Lennox and Addington for municipal purposes.

Of the Corporation of the City of London, praying that an Act may pass confirming and validating an agreement for the establishment of an air port and the purchase of the land needed therefor and for other purposes.

The following Bill was introduced and read the first time:—

Bill (No. 1), intituled, "An Act to incorporate The Society of Cost and Industrial Accountants of Ontario." *Mr. Newlands.*

Referred to Committee on Private Bills.

Mr. Hepburn (Elgin) moved, seconded by Mr. McQuesten, That this House has heard with interest the reports made by the Prime Minister and the Leader of the Opposition of the result of their visit to Ottawa to discuss war measures with the National Government and this House hereby endorses the statements made by the two members in question and joins with them in regretting that the Federal Government at Ottawa has made so little effort to prosecute Canada's duty in the war in the vigorous manner the people of Canada desire to see.

The Motion having been put was declared by Mr. Speaker to be carried and the yeas and nays having been demanded the Motion was carried on the following Division:—

YEAS

Acres
Arnott
Baird
Ballantyne
Black
Blakelock
Brownridge
Challies
Conant
Cross
Dewan
Drew
Duckworth
Elgie
Freeborn
Frost
Gardhouse
Gordon
Guthrie
Henry
Hepburn (Prince Edward-Lennox)
Hepburn (Elgin)
Hipel
Houck
Kelly
Kidd
Kirby
Lamport
Leduc
Macaulay
Mercer
Murphy
Murray
McQuesten
Newland
Nixon (Brant)
Reynolds
Simpson
Sinclair
Smith
Stewart
Strachan
Summerville
Welsh—44

NAYS

Armstrong
Baker
Campbell (Kent, East)
Croome
Dickson
Fairbank
Habel
Macfie
MacKay
Roebuck—10

The Order of the Day for resuming the Adjourned Debate on the Motion for consideration of the Speech of The Honourable the Lieutenant-Governor at the opening of the Session, having been read,

The Debate was resumed and, after some time, it was on the motion of Mr. Fletcher,

Ordered, That the Debate be further adjourned until Tuesday next.

The House then adjourned at 6.00 p.m.

FRIDAY, JANUARY 19TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bills were severally introduced and read the first time:—

Bill (No. 10), intituled, "An Act respecting The Hamilton Young Men's Christian Association." *Mr. MacKay.*

Referred to the Committee on Private Bills.

Bill (No. 11), intituled, "An Act respecting The Hamilton Young Women's Christian Association." *Mr. Newlands.*

Referred to the Committee on Private Bills.

The Order of the Day for resuming the Adjourned Debate on the Motion for consideration of the Speech of The Honourable the Lieutenant-Governor at the opening of the Session, having been read,

The Debate was resumed and, after some time, it was on the motion of Mr. Strachan,

Ordered, That the Debate be further adjourned until Monday next.

The following Bills were severally read the second time:—

Bill (No. 25), An Act to amend The Companies Act.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 26), An Act to amend The Change of Name Act, 1939.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 24), The Local Government Extension Act, 1940.

Referred to a Committee of the Whole House on Monday next.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Annual Report of the Civil Service Commissioner of Ontario for the year ending March 31st, 1939. (*Sessional Papers No. 37.*)

Also, Annual Report of the Public Service Superannuation Board, Ontario, for year ending March 31st, 1939. (*Sessional Papers No. 36.*)

The House then adjourned at 4.30 p.m.

MONDAY, JANUARY 22ND, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were severally brought up and laid upon the Table:—

By Mr. Murray, the Petition of the Corporation of the Village of Killaloe Station.

By Mr. Miller, the Petition of the Corporation of the City of Sault Ste. Marie.

The following Bills were severally introduced and read the first time:—

Bill (No. 29), intituled, "An Act to amend The Public Hospitals Act." *Mr. Kirby.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 30) intituled, "An Act to amend The Mining Tax Act." *Mr. Leduc.*

Ordered, That the Bill be read the second time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 22), An Act to confirm Tax Sales, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Carr reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 23), An Act to amend The Dairy Products Act, 1938, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 26), An Act

to amend The Change of Name Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The Order of the Day for resuming the Adjourned Debate on the Motion for consideration of the Speech of The Honourable the Lieutenant-Governor at the opening of the Session, having been read,

The Debate was resumed and, after some time, it was on the motion of Mr. Bélanger,

Ordered, That the Debate be further adjourned until to-morrow.

The House then adjourned at 4.15 p.m.

TUESDAY, JANUARY 23RD, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were severally brought up and laid upon the Table:—

By Mr. Fletcher, the Petition of the Canadian Transit Company.

By Mr. Strachan, the Petition of the Toronto Hospital for Consumptives.

The following Petitions were read and received:—

Of the Corporation of the Village of Killaloe Station, praying that an Act may pass bringing the said Village within the terms of Part IV of The Power Commission Act.

Of the Corporation of the City of Sault Ste. Marie, praying that an Act may pass authorizing the said Corporation to establish a system of transportation for the City and to terminate the rights of the International Transit Co.

The following Bills were read the third time and were passed:—

Bill (No. 22), An Act to confirm Tax Sales.

Bill (No. 23), An Act to amend The Dairy Products Act, 1938.

Bill (No. 26), An Act to amend The Change of Name Act, 1939.

The Order of the Day for resuming the Adjourned Debate on the Motion for consideration of the Speech of The Honourable the Lieutenant-Governor at the opening of the Session, having been read,

The Debate was resumed and, after some time,

The motion having been put was carried, and it was

Resolved, That an humble Address be presented to The Honourable the Lieutenant-Governor of the Province of Ontario, as follows:—

To The Honourable Albert Matthews,
Lieutenant-Governor of the Province of Ontario.

We, His Majesty's most dutiful and loyal subjects, the Legislative Assembly of the Province of Ontario, now assembled, beg leave to thank Your Honour for the gracious speech Your Honour has addressed to us.

The Address, having been read the second time, was agreed to.

Ordered, That the Address be engrossed and presented to The Honourable the Lieutenant-Governor by those Members of this House who are Members of the Executive Council.

The House then adjourned at 4.35 p.m.

WEDNESDAY, JANUARY 24TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petitions were read and received:—

Of the Canadian Transit Company, praying that an Act may pass validating an agreement between the Company and the City of Windsor for a fixed assessment.

Of the Toronto Hospital for Consumptives praying that an Act may pass validating an agreement for the transfer of the assets of the Hospital to the National Sanitarium Association.

On the motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That this House will, on Friday next, resolve itself into the Committee of Supply.

On the motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That this House will, on Friday next, resolve itself into the Committee of Ways and Means.

On the motion of Mr. Nixon (Brant), seconded by Mr. Cross,

Ordered, That the names of Mr. Doucett and Mr. Reynolds be added to the Standing Committee on Private Bills.

The following Bills were severally introduced and read the first time:—

Bill (No. 31), intituled, "An Act to amend The Municipal Act." *Mr. Duncan.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 32), intituled, "An Act to amend The Highway Traffic Act." *Mr. McQuesten.*

Ordered, That the Bill be read the second time to-morrow.

The following Bills were severally read the second time:—

Bill (No. 29), An Act to amend The Public Hospitals Act.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 30), An Act to amend The Mining Tax Act.

Referred to a Committee of the Whole House to-morrow.

The House resolved itself into a Committee to consider Bill (No. 25), An Act to amend The Companies Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 24), The Local Government Extension Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report progress, and to ask for leave to sit again.

Resolved, That the Committee have leave to sit again to-morrow.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Statement of Legislative grants apportioned to the Rural Public Schools and all Separate Schools for the year 1939. (*Sessional Papers No. 39.*)

Also, Report on the operation of The Trade Schools Regulation Act, 1938, for the year 1939. (*Sessional Papers, No. 46.*)

The House then adjourned at 5.25 p.m.

THURSDAY, JANUARY 25TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Glass, from the Standing Committee on Standing Orders, presented their Second Report which was read as follows and adopted:—

Your Committee has carefully examined the following petitions and find the notices as published in each case sufficient.

Of the Corporation of the Township of Melancthon, praying that an Act may pass validating certain by-laws governing the collection of taxes in connection with the certain drainage plan for the Townships of Melancthon and Osprey.

Of St. Paul's Congregation of the United Church of Canada in Orillia, praying that an Act may pass confirming the Title of the petitioners in certain properties.

Of the Corporation of the City of Brantford, praying that an Act may pass authorizing a special assessment on a graduated scale for certain industries in the City of Brantford.

Of the Corporation of the Village of Sturgeon Point, praying that an Act may pass placing the Village under Part IV of The Power Commission Act.

Of the Corporation of the Town of Napanee, praying that an Act may pass separating the said Town from the County of Lennox and Addington for Municipal purposes.

Of the Canadian Transit Company, praying that an Act may pass validating an agreement between the Company and the City of Windsor for a fixed assessment.

The following Bills were severally introduced and read the first time:—

Bill (No. 4), intituled, "An Act respecting St. Paul's Congregation of the United Church of Canada in Orillia." *Mr. Frost.*

Referred to the Committee on Private Bills.

Bill (No. 8), intituled, "An Act respecting the Village of Sturgeon Point." *Mr. Frost.*

Referred to the Committee on Private Bills.

Bill (No. 14), intituled, "An Act respecting The Canadian Transit Company." *Mr. Fletcher.*

Referred to the Committee on Private Bills.

Bill (No. 2), intituled, "An Act respecting the City of Toronto." *Mr. Strachan.*

Referred to the Committee on Private Bills.

Bill (No. 3), intituled, "An Act respecting the Township of Melancthon." *Mr. McEwing.*

Referred to the Committee on Private Bills.

Bill (No. 5), intituled, "An Act respecting the City of Brantford." *Mr. Hagey.*

Referred to the Committee on Private Bills.

Bill (No. 16), intituled, "An Act respecting the Town of Napanee." *Mr. Hepburn* (Prince Edward-Lennox).

Referred to the Committee on Private Bills.

The following Bill was read the third time and was passed:—

Bill (No. 25), An Act to amend The Companies Act.

The House resolved itself into a Committee to consider Bill (No. 29), An Act to amend The Public Hospitals Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 30), An Act to amend The Mining Tax Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House again resolved itself into a Committee to consider Bill (No. 24), The Local Government Extension Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report progress, and to ask for leave to sit again.

Resolved, That the Committee have leave to sit again to-morrow.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Report of the Ontario Athletic Commission for year ending March 31st, 1939. (*Sessional Papers No. 35.*)

Also, Orders-in-Council pertaining to the Department of Education, 1939-1940. (*Sessional Papers No. 47.*)

Also, Report of the Liquor Control Board of Ontario for year ending March 31st, 1939. (*Sessional Papers No. 20.*)

The House then adjourned at 6.10 p.m.

FRIDAY, JANUARY 26TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bills were severally introduced and read the first time:—

Bill (No. 33), intituled, "An Act to amend The Succession Duty Act, 1939." *Mr. Conant.*

Ordered, That the Bill be read the second time on Monday next.

Bill (No. 34), intituled, "An Act to amend The Assessment Act." *Mr. Lamport.*

Ordered, That the Bill be read the second time on Monday next.

The following Bills were read the third time and were passed:—

Bill (No. 29), An Act to amend The Public Hospitals Act.

Bill (No. 30), An Act to amend The Mining Tax Act.

Mr. Stewart asked the following Question:—

1. Within the last year, how many times has the Reeve or Municipal officials of municipalities adjacent to Toronto asked for Provincial Police assistance in prosecuting places suspected of gambling. 2. How often has such assistance been given. 3. How often has such assistance been declined. 4. Is Provincial Police action taken only upon the request of a municipality, or is no action taken by the Provincial Police unless Provincial aid is asked for. 5. Have any requests ever been received from Toronto. 6. How many Toronto requests were acted upon. 7. On how many Toronto requests were no action taken.

The Honourable the Attorney-General replied as follows:

1. None. 2. Answered by No. 1. 3. Answered by No. 1. 4. Action taken on request of Municipality. 5. No. 6. Answered by No. 5. 7. Answered by No. 5.

The following Bills were severally read the second time:—

Bill (No. 31), An Act to amend The Municipal Act.

Referred to the Committee on Municipal Law.

Bill (No. 32), An Act to amend The Highway Traffic Act.

Referred to a Committee of the Whole House on Monday next.

The House then adjourned at 3.35 p.m.

MONDAY, JANUARY 29TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bills were severally introduced and read the first time:—

Bill (No. 35), intituled, "An Act to amend The Public Health Act." *Mr. Kirby.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 36), intituled, "An Act to amend The Weed Control Act." *Mr. Dewan.*

Ordered, That the Bill be read the second time to-morrow.

On motion of Mr. Conant, seconded by Mr. Hepburn (Elgin),

Ordered, That this House do forthwith resolve itself into a Committee to consider a certain proposed Resolution respecting certain exemptions under the conditions of The Succession Duty Act.

Mr. Hepburn acquainted the House that His Honour the Lieutenant-Governor, having been informed of the subject matter of the proposed Resolution, recommends it to the consideration of the House.

The House then resolved itself into the Committee.

(*In the Committee*)

Resolved—That the exemption from taxation under *The Succession Duty Act, 1939*, provided for by clause *g* of subsection 1 of section 4 of the said Act be limited so as to apply only in the case of a father, mother or any brother, sister, son, daughter, son-in-law, or daughter-in-law of the deceased or any person adopted while under the age of eighteen years by the deceased under *The Adoption Act*, and also be limited to cases where the disposition was made more than twenty years before the date of death of the deceased.

Mr. Speaker resumed the Chair; and Mr. Carr reported, that the Committee had come to a certain Resolution.

Ordered, That the Report be now received.

Resolved—That the exemption from taxation under *The Succession Duty Act, 1939*, provided for by clause *g* of subsection 1 of section 4 of the said Act be limited so as to apply only in the case of a father, mother or any brother, sister, son, daughter, son-in-law, or daughter-in-law of the deceased or any person adopted while under the age of eighteen years by the deceased under *The Adoption Act*, and also be limited to cases where the disposition was made more than twenty years before the date of death of the deceased.

The Resolution having been read the second time, was agreed to, and referred to the House on Bill (No. 33), An Act to amend The Succession Duty Act, 1939.

The following Bill was read the second time:—

Bill (No. 33), An Act to amend The Succession Duty Act, 1939.

Referred to a Committee of the Whole House to-morrow.

The House then adjourned at 4.45 p.m.

TUESDAY, JANUARY 30TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Petition was brought up and laid upon the Table:—

By. Mr. Black, the Petition of the Corporation of the County of Lennox and Addington.

Mr. Glass from the Standing Committee on Standing Orders presented their third and final report which was read as follows and adopted:—

Your Committee has carefully examined the following Petitions and finds the notices as published in each case sufficient:—

Of the Corporation of the Township of North York, praying that an Act may pass prohibiting the annexation of any part of the Township to another municipality for a period of five years and to alter the date for the election of School Trustees.

Of the Corporation of the Town of Bonfield, praying that an Act may pass bringing the Town within the provisions of Part IV of The Power Commission Act.

Of the Corporation of the City of London, praying that an Act may pass confirming and validating an agreement for the establishment of an airport and the purchase of the land needed therefore and for other purposes.

Of the Corporation of the Town of Chelmsford, praying that an Act may pass bringing the Town within the authority of Part IV of The Power Commission Act.

Of the Corporation of the Village of Killaloe Station praying that an Act may pass bringing the said village within the terms of The Power Commission Act.

Of the Corporation of the Village of Charlton, praying that an Act may pass bringing the Town within the provisions of Part IV of The Power Commission Act.

Of the Corporation of the City of Sault Ste. Marie, praying that an Act may pass authorizing the said Corporation to establish a system of transportation and to terminate the rights of the International Transit Company.

Of the Toronto Hospital for Consumptives praying that an Act may pass validating an agreement for the transfer of the assets of the Hospital to the National Sanitarium Association.

In connection with the petition of the Corporation of the County of Lennox and Addington asking for validation of a by-law (No. 735) for the purpose of equalizing the assessment of the several Townships, Towns and Villages in the said County, your Committee reports the petition on the understanding that the application be advertised at least twice in the *Ontario Gazette* and in a paper published in the said County.

Mr. Elliott, from the Standing Committee on Private Bills, presented their First Report which was read as follows and adopted:—

Your Committee beg to report the following Bills without amendment:—

Bill (No. 4), An Act respecting St. Paul's Congregation of The United Church of Canada in Orillia.

Bill (No. 5), An Act respecting the City of Brantford.

Bill (No. 8), An Act respecting the Village of Sturgeon Point.

Bill (No. 10), An Act respecting The Hamilton Young Men's Christian Association.

Bill (No. 11), An Act respecting The Hamilton Young Women's Christian Association.

Your Committee would recommend that the fees less the penalties and the actual cost of printing be remitted on Bill (No. 4), An Act respecting St. Paul's Congregation of The United Church of Canada in Orillia; Bill (No. 10), An Act respecting The Hamilton Young Men's Christian Association and Bill (No. 11), An Act respecting The Hamilton Young Women's Christian Association, on the ground that they relate to religious institutions.

Ordered, That the fees less the penalties and the actual cost of printing be remitted on Bill (No. 4), An Act respecting St. Paul's Congregation of the United Church of Canada in Orillia; Bill (No. 10), An Act respecting The Hamilton Young Men's Christian Association and Bill (No. 11), An Act respecting The Hamilton Young Women's Christian Association on the ground that they relate to religious institutions.

The following Bills were severally introduced and read the first time:—

Bill (No. 6), intituled, "An Act respecting the Township of North York." *Mr. Baker.*

Referred to the Committee on Private Bills.

Bill (No. 9), intituled, "An Act respecting the Town of Chelmsford." *Mr. Cooper.*

Referred to the Committee on Private Bills.

Bill (No. 12), intituled, "An Act respecting the Town of Bonfield." *Mr. Cholette.*

Referred to the Committee on Private Bills.

Bill (No. 13), intituled, "An Act respecting the Village of Killaloe Station." *Mr. Murray.*

Referred to the Committee on Private Bills.

Bill (No. 15), intituled, "An Act respecting the Town of Charlton." *Mr. Nixon* (Temiskaming).

Referred to the Committee on Private Bills.

Bill (No. 17), intituled, "An Act respecting the City of London." *Mr. Duncan.*

Referred to the Committee on Private Bills.

Bill (No. 27), intituled, "An Act respecting the City of Sault Ste. Marie." *Mr. Miller.*

Referred to the Committee on Private Bills.

Bill (No. 28), intituled, "An Act respecting the Toronto Hospital for Consumptives." *Mr. Strachan.*

Referred to the Committee on Private Bills.

Bill (No. 37), intituled, "An Act respecting the County of Lennox and Addington." *Mr. Black.*

Referred to the Committee on Private Bills.

Bill (No. 7), intituled, "An Act respecting William C. Wride and Josie Wride." *Mr. Fletcher.*

Referred to the Committee on Private Bills.

Bill (No. 38), intituled, "The School Law Amendment Act, 1940." *Mr. Simpson.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 39), intituled, "An Act to amend The Trade Schools Regulation Act, 1938." *Mr. Simpson.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 40), intituled, "An Act respecting the Blue Water Bridge." *Mr. McQuesten.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 41), intituled, "An Act to amend The Income Tax Act. *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 42), intituled, "An Act to amend The Solicitors' Act." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 43), intituled, "An Act to amend The Law Society Act." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

Mr. Murphy asked the following Question (No. 15):—

1. What was the total capital expenditure of the Queen Elizabeth highway from Brown's Line to Hamilton in 1939. 2. What was the total maintenance cost of the Queen Elizabeth highway from Brown's Line to Hamilton in 1939.

The Honourable the Minister of Highways replied as follows:—

1. $108,341.26. 2. $69,972.89.

The following Bills were severally read the second time:—

Bill (No. 35), An Act to amend The Public Health Act.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 36), An Act to amend The Weed Control Act.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 34), An Act to amend The Assessment Act.

Referred to the Committee on Municipal Law.

The House again resolved itself into a Committee to consider Bill (No. 24), The Local Government Extension Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 32), An Act to amend The Highway Traffic Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House then adjourned at 4.15 p.m.

WEDNESDAY, JANUARY 31st, 1940

Prayers. 3 O'Clock P.M.

The following Petition was read and received:—

Of the County of Lennox and Addington, praying that an Act may pass validating by-law No. 735 of the said County for the purpose of fixing the equalization of the County assessment for the years 1940 and 1941.

The following Bills were severally introduced and read the first time:—

Bill (No. 44), intituled, "An Act to amend The Teachers and Inspectors Superannuation Act." *Mr. Simpson.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 45), intituled, "An Act to amend The Corporations Tax Act, 1939." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

The Order of the Day for the third reading of Bill (No. 24), The Local Government Extension Act, 1940, having been read,

And the Motion having been put, was carried on the following Division:—

Yeas

Anderson
Armstrong
Baker
Ballantyne
Bethune
Blakelock
Bradley
Brownridge
Campbell (Kent, East)
Carr
Cholette
Conant
Cooper
Cox
Croome
Cross
Dewan
Dickson
Duncan
Elliott
Fairbank
Fletcher
Freeborn
Gardhouse
Gordon
Guthrie
Habel
Haines
Hepburn (Elgin)
Hipel
Houck
Hunter
Kelly
Kirby
Leduc
MacGillivray
Mercer
Murray
Nixon (Brant)
Nixon (Temiskaming)
Patterson
Simpson
Sinclair
Smith
Strachan—45.

NAYS

Acres	Dunbar	Murphy
Arnott	Frost	Reynolds
Baird	Henry	Roebuck
Black	Hepburn (Prince Edward-Lennox)	Spence
Challies		Stewart
Downer	Kennedy	Summerville
Drew	Kidd	Welsh—22.
Duckworth	Macaulay	

And the Bill was accordingly read the third time and passed.

The following Bill was read the third time and was passed:—

Bill (No. 32), An Act to amend The Highway Traffic Act.

The House resolved itself into a Committee to consider Bill (No. 33), An Act to amend The Succession Duty Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report progress, and to ask for leave to sit again.

Resolved, That the Committee have leave to sit again to-morrow.

The House then adjourned at 6.00 p.m.

THURSDAY, FEBRUARY 1ST, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bill was introduced and read the first time:—

Bill (No. 46), intituled, "An Act to amend The Securities Act." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

The following Bill was read the second time:—

Bill (No. 40), An Act respecting the Blue Water Bridge.

Referred to a Committee of the Whole House to-morrow.

The House again resolved itself into a Committee to consider Bill (No. 33), An Act to amend The Succession Duty Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House then adjourned at 6.10 p.m.

FRIDAY, FEBRUARY 2ND, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bills were severally introduced and read the first time:—

Bill (No. 47), intituled, "An Act to amend The Judicature Act." *Mr. Conant.*

Ordered, That the Bill be read the second time on Monday next.

Bill (No. 48), intituled, "An Act to amend The Jurors Act." *Mr. Conant.*

Ordered, That the Bill be read the second time on Monday next.

Mr. Challies asked the following Question (No. 6):—

1. What was the total peak power taken each month in h.p. from each of the Quebec Power Companies in 25 cycle and 60 cycle power since January, 1938.

The Honourable the Prime Minister replied as follows:—

TWENTY-MINUTE PEAK IN HORSEPOWER

	Gatineau Power Co. 220,000 volt, 25 cycle Contract	MacLaren-Quebec Power Company	Beauharnois Light, Heat & Power Company	Ottawa Valley Power Company	Gatineau Power Company—60 Cycle		
					110 Kv. Delivery	11 Kv. Delivery	Treadwell Delivery
1938—January	162,466	41,555	126,005	98,525	41,957	20,107	
February	164,477	42,225	126,005	99,196	41,957	19,571	
March	164,477	42,225	127,346	103,217	41,957	19,839	
April	165,147	41,555	126,676	93,163	44,571	20,107	
May	166,488	42,225	127,346	98,525	41,957	20,107	
June	166,890	54,290	126,676	89,142	41,957	19,839	
July	161,796	44,906	126,676	87,131	41,957	18,499	
August	167,158	44,236	126,005	90,483	41,957	19,035	
September	166,488	41,555	126,676	96,515	41,957	20,241	
October	167,560	41,555	126,005	104,558	60,054	20,107	
November	202,681	61,662	150,804	109,249	61,796	20,107	97
December	203,083	65,684	151,475	111,930	64,075	20,107	129
1939—January	203,753	69,705	150,804	103,887	63,003	20,375	105
February	203,753	65,684	150,804	111,260	62,332	19,839	129
March	203,083	63,003	150,804	96,515	62,466	19,839	125
April	203,753	67,694	151,475	95,174	61,930	20,107	157
May	205,764	63,003	151,475	93,499	62,735	20,241	185
June	203,753	64,343	151,475	91,153	61,662	20,107	185
July	204,424	65,013	152,145	97,185	60,322	18,767	129
August	204,424	64,343	151,475	99,196	60,322	19,169	217
September	205,362	65,013	152,145	108,579	60,054	20,375	225
October	204,424	64,343	152,145	114,611	64,343	19,973	209
November	266,086	63,673	152,145	113,941	65,013	20,107	209
December	276,139	64,343	154,826	113,606	65,684	20,107	193

Mr. Challies asked the following Question (No. 7):—

1. What was the 20-minute peak demand for electric energy for Eastern Ontario Hydro-Electric Power System for the months of November, December and January, for the years of 1937-38-39.

The Honourable the Prime Minister replied as follows:—

EASTERN ONTARIO SYSTEM

TOTAL SYSTEM 20-MIN. PEAKS

	1937	1938	1939
January	126,334 H.P.	149,015 H.P.	152,137 H.P.
November	146,843 "	161,414 "	168,638 "
December	149,853 "	161,103 "	155,214 "

TOTAL SYSTEM PRIMARY 20-MIN. PEAKS

	1937	1938	1939
January	113,874 H.P.	119,425 H.P.	123,678 H.P.
November	125,804 "	131,066 "	139,228 "
December	124,718 "	132,001 "	145,542 "

Mr. Challies asked the following Question (No. 8):—

1. What power plants have been purchased by the Hydro-Electric Power Commission since November 5th, 1936, giving particulars in each case as to (*a*) Installed capacity; (*b*) Price paid; (*c*) Date of construction; (*d*) Location; (*e*) Date of purchase.

The Honourable the Prime Minister replied as follows:—

Power Plants Purchased	Installed Capacity (h.p.)	Price Paid	Date of Construction	Location	Date of Purchase
Crystal Falls from Abitibi Power & Paper	10,000	$800,000	1921	Sturgeon R.	Aug. 5th, 1937
Canada Cement Co.	1,000	$225,000 (Including Transmission Lines)	1903	Douro, Otonabee R.	Dec. 1st, 1936
Canada Cement Co.	2,300		1926	Lakefield, Otonabee R.	Dec. 1st, 1936
Canada Cement Co.	700		1900	Young's Pt., Otonabee R.	Dec. 1st, 1936
Quinte & Trent Valley Power Co.	2,800	$325,000 (Including Transmission Lines)	1928	Frankford	Oct. 1st, 1937
Quinte & Trent Valley Power Co.	1,000		1926	Campbellford	Oct. 1st, 1937

NOTE:—The Crystal Falls Power Plant was acquired in settlement of claims in respect of certain power contracts with the Abitibi Power & Paper Co.

Mr. Challies asked the following Question (No. 9):—

1. What system or systems secured power from the Chats Falls plant during Hydro years of 1937-38-39, and what was the 20-minute peak in h.p. per month in each case. 2. What system or systems were charged for the carrying charges of the frequency charger at the Chats Falls plant and what was the yearly charge and how allocated.

The Honourable the Prime Minister replied as follows:—

1. Niagara 25 cycle system and Eastern Ontario System.

20-MINUTE PEAKS DELIVERED

	Niagara 25 cycle System	Eastern Ontario System
1936—November	115,952 H.P.	0
December	117,962 "	0
1937—January	116,622 "	0
February	144,000 "	0
March	195,040 "	0
April	218,498 "	0
May	193,700 "	0
June	215,818 "	0
July	206,434 "	26,005 H.P.

	Niagara 25 cycle System	Eastern Ontario System
1937—August	195,710 H.P.	22,788 H.P.
September	207,774 "	20,107 "
October	225,202 "	20,777 "
November	222,520 "	26,810 "
December	225,202 "	8,043 "
1938—January	197,050 "	8,043 "
February	198,392 "	0
March	206,434 "	0
April	186,326 "	0
May	197,050 "	0
June	178,284 "	0
July	174,262 "	0
August	180,966 "	0
September	193,030 "	7,373 "
October	202,412 "	22,520 "
November	194,370 "	28,150 "
December	196,380 "	28,820 "
1939—January	207,774 "	13,405 "
February	222,520 "	0
March	193,030 "	0
April	190,348 "	0
May	186,998 "	0
June	179,624 "	25,737 "
July	194,370 "	27,212 "
August	198,392 "	28,485 "
September	189,678 "	29,155 "
October	229,222 "	28,820 "

2. Niagara System. These carrying charges are allocated against all power users in the Niagara System in proportion to the horsepower load delivered to each.

CARRYING CHARGES

	1937	1938	1939
Operating Expense	2,349.32	4,676.15	4,810.95
Maintenance Expense	1,459.89	794.30	707.11
Interest	41,969.73	41,691.12	42,139.40*
Provision for:			
Renewals Reserve	6,875.97	6,871.26	6,870.55
Contingencies Reserve	4,583.98	4,580.84	4,580.37
Sinking Fund Reserve	9,653.86	9,647.25	9,646.26
	66,892.75	68,260.92	68,754.64

*Might be changed slightly when adjustment of cost of power fully complete.

Mr. Challies asked the following Question (No. 10):—

1. What was the total peak power sold on the Niagara System, inclusive of power used for steam production, export power, contractual obligations and peak demand, for the months of November, December and January, for the years of 1937-38-39.

The Honourable the Prime Minister replied as follows:—

NIAGARA 25- AND 66⅔-CYCLE SYSTEM

	Total Peak Power Sold (Generated and Purchased Peak)	Additional Quantities which Customers were Entitled to Under Contract
1937—January	1,125,469 H.P.	28,000 H.P.
November	1,191,018 "	21,000 "
December	1,317,694 "	20,000 "
1938—January	1,288,874 "	30,000 "
November	1,436,327 "	33,000 "
December	1,435,389 "	36,000 "
1939—January	1,412,064 "	50,000 "
November	1,485,925 "	35,000 "
December	1,514,879 "	30,000 "

NOTE: As the quantities of power shown under Column headed "Additional Quantities which Customers were Entitled to Under Contract" were not taken, no revenue was received for it and consequently it cannot be said to be power sold.

Mr. Challies asked the following Question (No. 11):—

1. What amounts, with dates, have been paid by the Government to the Hydro-Electric Power Commission since October 31st, 1938, under The Rural Hydro-Electric Power District Service Act of 1930.

The Honourable the Prime Minister replied as follows:—

1. None.

Mr. Challies asked the following Question (No. 12):—

1. What is the average total h.p. exported or sold each month to persons or corporations in the United States by the Hydro-Electric Power Commission of Ontario during each of the years 1937-38-39. 2. What are the names of all persons or corporations in the United States receiving power from the Hydro-Electric Power Commission together with the h.p. in each case.

The Honourable the Prime Minister replied as follows:—

1. Average horsepower exported to the United States at the International Boundary:—

	1937	1938	1939
January	85,815 H.P.	130,955 H.P.	134,846 H.P.
February	115,434 "	91,985 "	136,592 "
March	155,475 "	108,256 "	128,716 "
April	142,678 "	108,787 "	112,254 "
May	133,142 "	125,305 "	136,472 "
June	142,032 "	132,277 "	142,981 "
July	142,995 "	126,106 "	130,554 "
August	139,472 "	113,734 "	157,374 "
September	111,505 "	125,829 "	134,894 "
October	104,285 "	133,647 "	103,013 "
November	116,195 "	145,146 "	118,657 "
December	132,815 "	133,595 "	97,184 "

2. Prior to December 29th, 1939, all export power went to the Niagara Hudson Power Corporation or its subsidiaries. On December 29th, 1939, deliveries were commenced at Cornwall to the Cedars Rapids Transmission Company Limited for export to the Aluminum Company of America.

Mr. Arnott asked the following Question (No. 17):—

What amount has the Government disbursed for direct relief from September 2nd, 1939, to January 15th, 1940.

The Honourable the Minister of Municipal Affairs and Public Welfare replied as follows:—

September	$1,415,180
October	1,339,453
November	1,112,221
December (approximate)	1,500,000
January—Not available.	

The foregoing represents GROSS costs; the Province's share is approximately 42 per cent of the figures given above; the Dominion's, 38 per cent; and the municipalities', 20 per cent.

The following Bills were severally read the second time:—

Bill (No. 4), An Act respecting St. Paul's Congregation of the United Church of Canada in Orillia.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 5), An Act respecting the City of Brantford.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 8), An Act respecting the Village of Sturgeon Point.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 10), An Act respecting the Hamilton Young Men's Christian Association.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 11), An Act respecting The Hamilton Young Women's Christian Association.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 39), An Act to amend The Trade Schools Regulation Act, 1938.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 44), An Act to amend The Teachers and Inspectors Superannuation Act.

Referred to a Committee of the Whole House on Monday next.

The House resolved itself into a Committee to consider Bill (No. 40), An Act respecting the Blue Water Bridge, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-day.

The House resolved itself into a Committee to consider Bill (No. 35), An Act to amend The Public Health Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time on Monday next.

The House resolved itself into a Committee to consider Bill (No. 36), An Act to amend The Weed Control Act, and, after some time spent therein, Mr.

Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time on Monday next.

The following Bill was read the third time and was passed:—

Bill (No. 40), An Act respecting the Blue Water Bridge.

The House then adjourned at 4.20 p.m.

MONDAY, FEBRUARY 5th, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bills were read the third time and were passed:—

Bill (No. 35), An Act to amend The Public Health Act.

Bill (No. 36), An Act to amend The Weed Control Act.

The following Bills were severally read the second time:—

Bill (No. 38), The School Law Amendment Act, 1940.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 42), An Act to amend The Solicitors' Act.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 43), An Act to amend The Law Society Act.

Referred to a Committee of the Whole House to-morrow.

The House resolved itself into a Committee, severally to consider the following Bills:—

Bill (No. 4), An Act respecting St. Paul's Congregation of the United Church of Canada in Orillia.

Bill (No. 5), An Act respecting the City of Brantford.

Bill (No. 8), An Act respecting the Village of Sturgeon Point.

Bill (No. 10), An Act respecting The Hamilton Young Men's Christian Association.

Bill (No. 11), An Act respecting The Hamilton Young Women's Christian Association.

Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the several Bills without amendments.

Ordered, That the Bills reported, be severally read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 39). An Act to amend The Trade Schools Regulation Act, 1938, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered. That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 44), An Act to amend The Teachers and Inspectors Superannuation Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House then adjourned at 3.25 p.m.

TUESDAY, FEBRUARY 6TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Elliott, from the Standing Committee on Private Bills, presented their Second Report which was read as follows and adopted:—

Your Committee beg to report the following Bills without amendment:—

Bill (No. 9), An Act respecting the Town of Chelmsford.

Bill (No. 12), An Act respecting the Town of Bonfield.

Bill (No. 13), An Act respecting the Village of Killaloe Station.

Bill (No. 15), An Act respecting the Town of Charlton.

Bill (No. 17), An Act respecting the City of London.

Your Committee beg to recommend that Bill (No. 1), An Act to Incorporate the Society of Cost and Industrial Accountants of Ontario, be not further proceeded with.

The following Bill was introduced and read the first time:—

Bill (No. 49), intituled, "An Act to amend The Municipal Act." *Mr. Hagey.*

Ordered, That the Bill be read the second time to-morrow.

The Order of the Day for the third reading of Bill (No. 33), An Act to amend The Succession Duty Act, 1939, having been read,

Mr. Conant moved,

That the Bill be now read the third time.

Mr. Drew moved in Amendment, seconded by Mr. Macaulay,

That Bill (No. 33), "An Act to amend The Succession Duty Act" be not now read the third time, but that Order No. 1 be discharged and Bill (No. 33) be referred back to Committee of the Whole House with instructions to amend the same by striking out sections 2, 11, 24 and 25, and by adding thereto after the section now numbered 23, the following section:—

24. Any person against whom a claim has been made by the Crown for

payment of any duties which have, or are alleged to have, become chargeable by reason of the death of any person, or who has reasonable grounds for apprehending that a claim may be made against him in respect of any duties which have, or are alleged to have, become so chargeable, may, subject to and in accordance with rules of court, apply in a summary manner to the Supreme Court of Ontario to have it determined whether he is accountable for, or chargeable with, or is or may thereafter become liable to pay those duties, and, if so, to have the extent of his liability determined, and the court shall have power to hear any application made under this section, and to make such order thereon, as seems proper, notwithstanding anything contained in this or any other Act.

And a Debate having arisen, after some time, the Amendment having been put, was lost on the following Division:—

YEAS

Acres
Arnott
Black
Doucett
Downer
Drew
Duckworth
Elgie
Frost
Henry
Hepburn (Prince Edward-Lennox)
Kennedy
Kidd
Macaulay
Murphy
Reynolds
Spence
Stewart
Summerville
Welsh—20

NAYS

Anderson
Armstrong
Baker
Ballantyne
Bégin
Bélanger
Bethune
Blakelock
Bradley
Brownridge
Campbell (Kent, East)
Carr
Cholette
Conant
Cooper
Croome
Dewan
Dickson
Duncan
Elliott
Fairbank
Fletcher
Gordon
Guthrie
Habel
Hagey
Haines
Heenan
Hepburn (Elgin)
Hipel
Houck
Hunter
King
Kirby
Lamport
Leduc
Macfie
MacGillivray
MacKay
Miller
Murray
McEwing
McQuesten
Newland
Nixon (Brant)
Nixon (Temiskaming)
Oliver
Patterson
Simpson
Sinclair
Smith
Strachan
Trottier—53

The Motion for Third Reading having then been put, was carried on the following Division:—

YEAS

Anderson
Armstrong
Baker
Ballantyne
Bégin
Bélanger
Bethune
Blakelock
Bradley
Brownridge
Campbell (Kent, East)
Carr
Cholette
Conant
Cooper
Croome
Dewan
Dickson
Duncan
Elliott
Fairbank
Fletcher
Gordon
Guthrie
Habel
Hagey
Haines
Heenan
Hepburn (Elgin)
Hipel
Houck
Hunter
King
Kirby
Lamport
Leduc
Macfie
MacGillivray
MacKay
Miller
Murray
McEwing
McQuesten
Newland
Nixon (Brant)
Nixon (Temiskaming)
Oliver
Patterson
Simpson
Sinclair
Smith
Strachan
Trottier—53

NAYS

Acres
Arnott
Black
Doucett
Downer
Drew
Duckworth
Elgie
Frost
Henry
Hepburn (Prince Edward-Lennox)
Kennedy
Kidd
Macaulay
Murphy
Reynolds
Spence
Stewart
Summerville
Welsh—20

And the Bill was accordingly read a third time and passed.

The following Bills were read the third time and were passed:—

Bill (No. 4), An Act respecting St. Paul's Congregation of the United Church of Canada in Orillia.

Bill (No. 5), An Act respecting the City of Brantford.

Bill (No. 8), An Act respecting the Village of Sturgeon Point.

Bill (No. 10), An Act respecting The Hamilton Young Men's Christian Association.

Bill (No. 11), An Act respecting The Hamilton Young Women's Christian Association.

Bill (No. 39), An Act to amend The Trade Schools Regulation Act, 1938.

Bill (No. 44), An Act to amend The Teachers and Inspectors Superannuation Act.

The following Bill was read the second time:—

Bill (No. 46), An Act to amend The Securities Act.

Referred to a Committee of the Whole House to-morrow.

The House then adjourned at 4.50 p.m.

WEDNESDAY, FEBRUARY 7TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bill was introduced and read the first time:—

Bill (No. 50), intituled, "An Act to amend The Ontario Municipal Board Act." *Mr. Cross.*

Ordered, That the Bill be read the second time to-morrow.

The following Bills were severally read the second time:—

Bill (No. 49), An Act to amend The Municipal Act.

Referred to the Committee on Municipal Law.

Bill (No. 9), An Act respecting the Town of Chelmsford.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 12), An Act respecting the Town of Bonfield.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 13), An Act respecting the Village of Killaloe Station.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 15), An Act respecting the Town of Charlton.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 17), An Act respecting the City of London.

Referred to a Committee of the Whole House to-morrow.

The House resolved itself into a Committee to consider Bill (No. 42), An Act to amend The Solicitors' Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 43), An Act to amend The Law Society Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 46), An Act to amend The Securities Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House then adjourned at 5.00 p.m.

THURSDAY, FEBRUARY 8TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Elliott, from the Standing Committee on Private Bills, presented their Third Report which was read as follows and adopted:—

Your Committee beg to report the following Bill without amendments:—

Bill (No. 28), An Act respecting the Toronto Hospital for Consumptives.

Your Committee would recommend that the fees less the penalties and the actual cost of printing be remitted on Bill (No. 28), An Act respecting the Toronto Hospital for Consumptives, on the ground that it relates to a charitable institution.

Ordered, That the fees less the penalties and the actual cost of printing be remitted on Bill (No. 28), An Act respecting the Toronto Hospital for Consumptives, on the ground that it relates to a charitable institution.

The following Bill was introduced and read the first time:—

Bill (No. 51), intituled, "An Act to amend The Municipal Act." *Mr. Strachan.*

Ordered, That the Bill be read the second time to-morrow.

Mr. Challies asked the following Question (No. 2):—

1. What is the total expenditure since February 1st, 1939, to date on: (*a*) Long Lac Diversion Project; (*b*) Ogoki Diversion Project; by the (1) Hydro-Electric Power Commission; (2) The Government of the Province of Ontario. 2. Are there any further expenditures or obligations due on these projects. If so, give amounts.

The Honourable the Prime Minister replied as follows:—

1. (*a*) (1) From February 1st, 1939, to December 31st, 1939—$188,897.64; (2) $7.90; (*b*) (1) From February 1st, 1939, to December 31st, 1939—$543.14; (2) Nil. 2. Anticipated further expenditures, Long Lac Diversion—$4,500.00. There are no unpaid accounts or further obligations in connection with Ogoki River Diversion.

Mr. Challies asked the following Question (No. 5):—

1. What was the total revenue received from customers served by the Abitibi Canyon Development for the Hydro years 1938-1939. 2. What were (*a*) Operating expenses, (*b*) Maintenance cost, (*c*) Interest charges, (*d*) Other current expenses for the same period. 3. What are the reserves for renewals and contingencies.

The Honourable the Prime Minister replied as follows:—

1.	Fiscal year ending	October 31st, 1938	October 31st, 1939
	Revenue	$2,354,734.21	$2,976,249.68
2. (*a*)	Operating Expenses	$202,975.53	$233,872.70
(*b*)	Maintenance Costs	151,499.50	162,200.62
(*c*)	Interest Charges	932,141.02	994,887.33
(*d*)	Other Current Expenses	1,682.58	3,723.46
	Provision for Renewals	242,805.84	243,112.91
	Provision for Sinking Fund	708,937.64	857,656.26
	Provision for Contingencies and Obsolescence	36,875.68	160,783.55
		$2,276,917.79	$2,656,236.83

3. Accumulated Reserves as at	October 31st, 1938	October 31st, 1939
Reserves for Renewals	$1,113,963.92	$1,403,112.16
Reserves for Contingencies and Obsolescence	353,112.09	470,404.98
Reserves for Sinking Fund	1,988,236.31	2,929,627.46

Mr. Stewart asked the following Question (No. 13):—

1. Did the Government acquire any property abutting or adjacent to the club known as the Brown Derby, on the new Middle Road ("Queen Elizabeth Way"). 2. If so, from whom purchased. 3. What was the purchase price. 4. On what date was it purchased. 5. What was the amount of property acquired.

The Honourable the Minister of Highways replied as follows:—

1. No. 2, 3, 4 and 5 answered by 1.

Mr. Challies asked the following Question (No. 19):—

1. What is the total amount paid by Ontario Rural Hydro users under the 8% Dominion War Tax since its inception until 1st January, 1940, or later date available giving such data. 2. Upon what date did the Act become effective.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

1. Amount of Dominion War Revenue Sales Tax charged to Ontario Rural Hydro users to December 31st, 1939—$60,286.88. 2. Act came into force September 12th, 1939.

NOTE.—In addition to the above, the Commission has billed to consumers in certain local systems, other than Rural Power Districts, an amount of $6,087.14.

The Order of the Day for the second reading of Bill (No. 48), An Act to amend The Jurors Act, having been read, and a Debate having arisen, after some time, it was on the Motion of Mr. Drew,

Ordered, That the Debate be adjourned until to-morrow.

The House then adjourned at 5.25 p.m.

FRIDAY, FEBRUARY 9TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bill was introduced and read the first time:—

Bill (No. 52), intituled, "The Credit Unions Act, 1940." *Mr. Dewan.*

Ordered, That the Bill be read the second time on Monday next.

The Order of the Day for resuming the Adjourned Debate on the second reading of Bill (No. 48), An Act to amend The Jurors Act, having been read, the Debate continued, and after some time it was on the Motion of Mr. Drew,

Ordered, That the Debate be adjourned.

Mr. Kidd asked the following Question (No. 20):—

1. What amount has been received from the Federal Government for the Dominion Youth Training Plan: (*a*) March 31st, 1938, to March 31st, 1939, (*b*) March 31st, 1939, to date. 2. What amount was spent by the Province of Ontario for the Dominion Youth Training Plan: (*a*) March 31st, 1938, to March

31st, 1939, (*b*) March 31st, 1939, to date. 3. How many were trained under this plan: (*a*) March 31st, 1938, to March 31st, 1939, (*b*) March 31st, 1939, to date.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

1. (*a*) $70,571.80; (*b*) $78,381.91 (to January 31st, 1940). 2. (*a*) $144,392.47; (*b*) $248,144.61 (to January 31st, 1940). 3. (*a*) 1,733; (*b*) 2,645 (to January 31st, 1940).

The Attorney-General tabled certain correspondence with the Treasurer of the Law Society of Upper Canada and Department of Justice at Ottawa re Barlow Report in connection with Bill (No. 48), An Act to amend The Jurors Act. (*Sessional Papers No. 48.*)

The House then adjourned at 4.25 p.m.

MONDAY, FEBRUARY 12TH, 1940

PRAYERS. 3 O'CLOCK P.M.

On the motion of Mr. Hepburn (Elgin), seconded by Mr. Drew,

Resolved, That the Legislative Assembly of the Province of Ontario, in Parliament assembled, desires to place upon its records an expression of the deep sorrow with which its Members and the people of Ontario have learned of the untimely death of His Excellency, the Right Honourable Baron Tweedsmuir of Elsfield, Governor-General of Canada. In the death of our beloved Governor-General we are conscious of a realization of the loss of a man whose departure will leave a vacancy, not only in Canada, but in the Councils of the British Empire, which it will be difficult to fill. The manner in which he identified himself with the life and interests of this Country during his tenure of office endeared him to the Canadian people in a marked degree and his personal qualities of heart and mind secured for him a respect and affection which will never be effaced from Canadian hearts.

To the Lady Tweedsmuir and her family this Assembly extends the warmest sympathy of the people of Ontario on the loss of a devoted husband and an exemplary father. Their grief is our grief and we mourn with them.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That out of respect to the late Right Honourable Baron Tweedsmuir, Governor-General of Canada, when this House adjourns to-day it do stand adjourned until Thursday next, the 15th Instant, at Three of the Clock in the afternoon.

The House then adjourned at 3.20 p.m.

THURSDAY, FEBRUARY 15TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Elliott, from the Standing Committee on Private Bills, presented their Fourth and Final Report which was read as follows and adopted:—

Your Committee beg to report the following Bill without amendment:—

Bill (No. 6), An Act respecting the Township of North York.

Your Committee beg to report the following Bills with certain amendments:—

Bill (No. 2), An Act respecting the City of Toronto.

Bill (No. 3), An Act respecting the Township of Melancthon.

Bill (No. 7), An Act respecting William C. Wride and Josie Wride.

Bill (No. 27), An Act respecting the City of Sault Ste. Marie.

Bill (No. 37), An Act respecting the County of Lennox and Addington.

With respect to Bill (No. 14), An Act respecting the Canadian Transit Company, this Bill was not proceeded with, the same having been withdrawn by the promoter thereof. Your Committee would recommend that the fees less the penalties, if any, and the actual cost of printing be remitted.

With respect to Bill (No. 16), An Act respecting the Town of Napanee, your Committee beg to recommend that this Bill be not reported.

Ordered, That the fees less the penalties, if any, and the actual cost of printing be remitted on Bill (No. 14), An Act respecting the Canadian Transit Company, the same having been withdrawn by the promoter thereof.

The following Bills were severally introduced and read the first time:—

Bill (No. 53), intituled, "An Act to amend The Cemetery Act." *Mr. Lamport.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 54), intituled, "An Act to amend The Mining Act." *Mr. Leduc.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 55), intituled, "An Act to amend The Unwrought Metal Sales Act." *Mr. Leduc.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 56), intituled, "An Act to amend The Assessment Act." *Mr. Cross.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 57), intituled, "An Act to amend The Municipal Act." *Mr. Cross.*

Ordered, That the Bill be read the second time to-morrow.

Mr. Hepburn delivered to Mr. Speaker a message from The Lieutenant-Governor, signed by himself; and the said message was read by Mr. Speaker, and is as follows:—

ALBERT MATTHEWS

The Lieutenant-Governor transmits Estimates of certain sums required for the service of the Province for the year ending 31st March, 1941, and recommends them to the Legislative Assembly.

Toronto, February 15th, 1940.

(*Sessional Papers No. 2.*)

Ordered, That the message of The Lieutenant-Governor, together with the Estimates accompanying the same, be referred to the Committee of Supply.

The Order of the Day for the House to resolve itself into the Committee of Supply having been read,

Mr. Hepburn moved,

That Mr. Speaker do now leave the Chair and that the House do resolve itself into the Committee of Supply.

And a Debate having ensued, it was, on the motion of Mr. Macaulay,

Ordered, That the Debate be adjourned until Monday next.

During the course of his presentation of the Budget the Prime Minister and Provincial Treasurer laid on the Table the following statements:—

TEMPORARY LOANS—TREASURY BILLS

As at March 31st, 1940

Date of Maturity	Date of Issue	Rate %	Series	Amount Outstanding	Where Payable
1940, June 30th	1939, June 30th	1¼% Disc.	EH	$2,000,000	Canada
Sept. 1st	Sept. 1st	1.50	EP	2,000,000	"
Sept. 1st	Sept. 1st	1.50	EQ	2,000,000	"
Sept. 1st	Sept. 1st	1.50	ER	1,000,000	"
Sept. 1st	Sept. 1st	1.75	ES	5,000,000	"
Sept. 2nd	Sept. 2nd	1¼% Disc.	EN	1,000,000	"
Sept. 13th	Sept. 13th	1.25	RT-W	2,000,000	"
Sept. 13th	1938, Sept. 13th	1.65	RT-Q	5,000,000	"
Sept. 13th	Sept. 13th	1.65	RT-S	5,000,000	"
Sept. 15th	1939 Sept. 15th	1.50	ET	2,000,000	"
Nov. 1st	1938, Nov. 1st	1.65	RT-U	10,000,000	"
Dec. 21st	Dec. 21st	1.65	EM	10,000,000	"
1941, June 1st	June 1st	1.65	RT-N	5,000,000	"
Aug. 1st	Aug. 1st	1.65	RT-O	4,500,000	"
Aug. 1st	Aug. 1st	1.65	EJ	2,500,000	"
Sept. 13th	Dec. 1st	1.65	RT-T	5,000,000	"
				$64,000,000	

PROVINCE OF ONTARIO

STATEMENT SHOWING INTEREST AND PRINCIPAL MATURITIES ON DEBENTURES PAYABLE IN NEW YORK, AND THE ESTIMATED EXCHANGE PAYABLE THEREON FOR THE PERIOD FROM APRIL 1ST, 1940, TO SEPTEMBER 16TH, 1944

SERIES	MATURITY DATES	FISCAL YEAR ENDING MARCH 31 1941	1942	1943	1944	Period April 1, 1944 to Sept. 16, 1944
Interest						
AC	1st April and October	$993,600.00	$993,600.00	$993,600.00	.....	.....
AB	1st April and October	738,300.00	738,300.00	738,300.00	$ 738,300.00	$369,150.00
AM	1st May and November	1,668,200.00	1,668,200.00	1,668,200.00	1,668,200.00	834,100.00
B	1st May and November	80.00	40.00	.....	.....	.....
C & D	1st May and November	19,880.00	19,880.00	.....	.....	.....
AK	1st May and November	645,075.00	609,075.00	573,075.00	537,075.00	250,537.50
AL	15th May and November	982,800.00	962,320.00	941,020.00	918,900.00	453,820.00
AP	15th May and November	1,175,107.50	1,154,835.00	1,133,640.00	1,111,500.00	550,125.00
AS	1st June and December	1,045,600.00	1,027,980.00	1,009,640.00	990.560.00	490,420.00
AH	1st June and December	452,655.00	421,155.00	389,880.00	358,380.00	163,845.00
AN	2nd June and December	1,663,375.00	1,663,375.00	1,663,375.00	1,663,375.00	831,687.50
AJ	15th January and July	580,815.00	544,815.00	508,815.00	472,815.00	218,835.00
AR	15th January and July	1,108,035.00	1,090,665.00	1,072,530.00	1,053,675.00	518,242.50
AG	1st March and September	803,340.00	803,340.00	803,340.00	803,340.00	401,670.00
UU & XX	15th March and September	813,900.00	813,900.00	813,900.00	406,950.00	.....
		$12,690,762.50	$12,511,480.00	$12,309,315.00	$10,723,070.00	$5,082,432.50
Principal						
AC	October 1st	.....	.....	$19,872,000.00	.....	.....
B	May 1st	.....	$ 2,000.00	.....	.....	.....
C & D	November 1st	.....	497,000.00	.....	.....	.....
AK	November 1st	$800,000.00	800,000.00	$800,000.00	$800,000.00	.....
AL	May 15th	502,000.00	522,000.00	543,000.00	563,000.00	$586,000.00
AP	May 15th	443,000.00	458,000.00	484,000.00	500,000.00	501,000.00
AS	June 1st	432,000.00	449,000.00	468,000.00	486,000.00	505,000.00
AH	December 1st	700,000.00	695,000.00	700,000.00	682,000.00	.....
AJ	January 15th	800,000.00	800,000.00	800,000.00	781,000.00	.....
AR	January 15th	386,000.00	403,000.00	419,000.00	382,000.00	.....
AG	September 1st	.....	.....	.....	.....	17,852,000.00
UU & XX	September 15th	.....	.....	.....	13,565,000.00	.....
		$4,063,000.00	$4,626,000.00	$24,086,000.00	$17,759,000.00	$19,444,000.00
		$16,753,762.50	$17,137,480.00	$36,395,315.00	$28,482,070.00	$24,526,432.50

(See Summary next page)

PROVINCE OF ONTARIO

STATEMENT SHOWING INTEREST AND PRINCIPAL MATURITIES ON DEBENTURES PAYABLE IN NEW YORK, AND THE ESTIMATED EXCHANGE PAYABLE THEREON FOR THE PERIOD FROM APRIL 1ST, 1940, TO SEPTEMBER 16TH, 1944

SUMMARY

	Interest and Principal Maturities			Exchange		
	Total	Province	Hydro	Total	Province	Hydro
Year ending March 31st, 1941	$16,753,762.50	$10,224,783.37	$6,528,979.13	$1,842,913.88	$1,124,726.18	$718,187.70
Year ending March 31st, 1942	17,137,480.00	10,420,812.61	6,716,667.39	1,885,122.80	1,146,289.39	738,833.41
Year ending March 31st, 1943	36,395,315.00	24,925,697.64	11,469,617.36	4,003,484.65	2,741,826.74	1,261,657.91
Year ending March 31st, 1944	28,482,070.00	14,582,202.49	13,899,867.51	3,133,027.70	1,604,042.27	1,528,985.43
April 1st to September 16th, 1944	24,526,432.50	13,249,180.22	11,277,252.28	2,697,907.57	1,457,409.82	1,240,497.75
	$123,295,060.00	$73,402,676.33	$49,892,383.67	$13,562,456.60	$8,074,294.40	$5,488,162.20

NOTE—Exchange has been calculated at a rate of 11% premium.

INTERIM STATEMENT OF GROSS ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1ST, 1939—MARCH 31ST, 1940

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Detail	Gross Ordinary Expenditure
1—AGRICULTURE		$ 2,163,754.00
2—ATTORNEY-GENERAL		3,459,729.00
3—EDUCATION		12,786,056.00
4—GAME AND FISHERIES		563,782.00
5—HEALTH:		
Main Office and Branches	$1,086,936.00	
Hospitals Branch	9,901,368.00	10,988,304.00
6—HIGHWAYS		10,193,366.00
7—INSURANCE		59,228.00
8—LABOUR		813,560.00
9—LANDS AND FORESTS		2,150,076.00
10—LEGISLATION		287,750.00
11—LIEUTENANT-GOVERNOR		9,650.00
12—MINES		382,305.00
13—MUNICIPAL AFFAIRS		4,651,194.00
14—PRIME MINISTER		181,134.00
15—PROVINCIAL AUDITOR		118,500.00
16—PROVINCIAL SECRETARY:		
Main Office and Registrar-General's Branch	117,745.00	
Reformatories and Prisons Branch	2,229,696.00	2,347,441.00
17—PROVINCIAL TREASURER:		
Main Office	778,073.00	
Budget Committee Office	10,672.00	
Controller of Revenue Branch	432,118.00	
Motion Picture Censorship and Theatre Inspection Branch	34,331.00	
Post Office	141,579.00	
Savings Office	274,038.00	1,670,811.00
18—PUBLIC WELFARE:		
Main Office and Branches	382,838.00	
Old Age Pensions Commission	3,382,811.00	
Mothers' Allowances Commission	5,209,538.00	8,975,187.00
19—PUBLIC WORKS		857,223.00
MISCELLANEOUS		4,694.00
STATIONERY ACCOUNT		29,379.00
		$ 62,693,123.00
PUBLIC DEBT—Interest, Exchange, etc.		30,838,134.00
		$ 93,531,257.00
ADD: Unemployment Direct Relief and Administration thereof		9,369,672.00
		$102,900,929.00

INTERIM STATEMENT OF GROSS CAPITAL PAYMENTS

FISCAL YEAR APRIL 1ST, 1939—MARCH 31ST, 1940

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	GROSS CAPITAL PAYMENTS		
	Works and Resources	Loan Advances	Trust Fund Repayments
AGRICULTURE	.....	$ 27,500.00	.....
EDUCATION	$ 65,638.00	.....	.....
GAME AND FISHERIES	11,255.00	.....	.....
HIGHWAYS	20,791,302.00	.....	.....
LANDS AND FORESTS	397,423.00	.....	.....
PRIME MINISTER:			
Public Service Superannuation Fund	.....	.....	$ 831,264.00
PROVINCIAL TREASURER:			
Main Office	.....	757,280.00	385,519.00
Hydro-Electric Power Commission	2,050,000.00	50,000.00	.....
PUBLIC WELFARE:			
Dominion Government:			
Old Age and Blind Pensions	.....	10,115,191.00	.....
PUBLIC WORKS	2,634,333.00	.....	.....
	$25,949,951.00	$10,949,971.00	$1,216,783.00

SUMMARY

Works and Resources	$25,949,951.00
Loan Advances	10,949,971.00
Trust Fund Repayments	1,216,783.00
	$38,116,705.00

COMPARATIVE STATEMENT OF GROSS ORDINARY REVENUE FOR THE FISCAL YEAR ENDING MARCH 31, 1940

DEPARTMENT	FORECAST		INTERIM		DIFFERENCE	
	Detail	Total	Detail	Total	Detail Increase -I Decrease -D	Net Increase -I Decrease -D
AGRICULTURE	$.....	$ 339,000.00	$.....	$ 378,000.00	$.....	$ 39,000.00-I
ATTORNEY-GENERAL	.....	1,032,000.00	.....	1,113,000.00	.....	81,000.00-I
EDUCATION	.....	140,000.00	.....	136,000.00	.....	4,000.00-D
GAME AND FISHERIES	.....	880,000.00	.....	1,009,000.00	.....	129,000.00-I
HEALTH:						
Main Office and Branches	59,000.00	.....	67,000.00	.....	8,000.00-I	.....
Hospitals Branch	1,509,000.00	1,568,000.00	1,414,000.00	1,481,000.00	95,000.00-D	87,000.00-D
HIGHWAYS:						
Main Office and Branches	10,000.00	.....	14,000.00	.....	4,000.00-I	.....
Gasoline Tax Branch	25,000,000.00	.....	25,000,000.00	.....	.....	.....
Permits, Gas Pumps, etc.	90,000.00	.....	96,000.00	.....	6,000.00-I	.....
Motor Vehicles Branch	9,200,000.00	34,300,000.00	7,987,000.00	33,097,000.00	1,213,000.00-D	1,203,000.00-D
INSURANCE	.....	230,000.00	.....	229,000.00	.....	1,000.00-D
LABOUR	.....	140,000.00	.....	132,000.00	.....	8,000.00-D
LANDS AND FORESTS	.....	3,126,000.00	.....	3,500,000.00	.....	374,000.00-I
LEGISLATION	.....	14,000.00	.....	13,000.00	.....	.....
MINES	.....	2,600,000.00	.....	2,254,000.00	.....	346,000.00-D
MUNICIPAL AFFAIRS:						
Main Office and Municipal Board	10,000.00	.....	31,000.00	.....	21,000.00-I	.....
Housing Branch	35,000.00	45,000.00	62,000.00	93,000.00	27,000.00-I	48,000.00-I
PRIME MINISTER	.....	20,000.00	.....	18,000.00	.....	2,000.00-D
PROVINCIAL SECRETARY:						
Main Office and Registrar-General's Branch	368,000.00	.....	349,000.00	.....	19,000.00-D	.....
Reformatories and Prisons Branch	914,000.00	1,282,000.00	954,000.00	1,303,000.00	40,000.00-I	21,000.00-I
PROVINCIAL TREASURER:						
Main Office—Subsidy	2,941,000.00	.....	2,941,000.00	.....	.....	.....
Interest	73,000.00	.....	73,000.00	.....	.....	.....
Miscellaneous	.....	.....	6,000.00	.....	6,000.00-I	.....
Liquor Control Board	10,750,000.00	.....	9,800,000.00	.....	950,000.00-D	.....

Controller of Revenue Branch:						
Succession Duty	17,000,000.00	.....	13,400,000.00	.....	3,600,000.00-D	.....
Corporation Tax	9,388,000.00	.....	9,382,000.00	.....	6,000.00-D	.....
Race Tracks	612,000.00	.....	612,000.00	.....	.....	.....
Income Tax	6,000,000.00	.....	6,200,000.00	.....	200,000.00-I	.....
Security Transfer Tax	700,000.00	.....	454,000.00	.....	246,000.00-D	.....
Land Transfer Tax	250,000.00	.....	223,000.00	.....	27,000.00-D	.....
Law Stamps	400,000.00	.....	403,000.00	.....	3,000.00-I	.....
Motion Picture Censorship and Theatre Inspection Branch	185,000.00	.....	201,000.00	.....	16,000.00-I	.....
Savings Office	279,000.00	48,578,000.00	274,000.00	43,969,000.00	5,000.00-D	4,609,000.00-D
PUBLIC WORKS	.....	47 000 00	.....	187,000.00	.....	140,000.00-I
		94,341,000.00		88,913,000.00		$5,428,000.00-D
PUBLIC DEBT—Interest	.....	9,060,000.00	.....	9,543,000.00	.....	483,000.00-I
		$103,401,000.00		$98,456,000.00		$4,945,000.00-D

INTERIM STATEMENT OF GROSS ORDINARY REVENUE

FISCAL YEAR APRIL 1ST, 1939—MARCH 31ST, 1940

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	Detail	Gross Ordinary Revenue
1—AGRICULTURE		$ 378,000.00
2—ATTORNEY-GENERAL		1,113,000.00
3—EDUCATION		136,000.00
4—GAME AND FISHERIES		1,009,000.00
5—HEALTH:		
Main Office and Branches	$ 67,000.00	
Hospitals Branch	1,414,000.00	1,481,000.00
6—HIGHWAYS:		
Main Office	14,000.00	
Gasoline Tax	25,000,000.00	
Permits, Gas Pumps, etc.	96,000.00	
Motor Vehicles Branch	7,987,000.00	33,097,000.00
7—INSURANCE		229,000.00
8—LABOUR		132,000.00
9—LANDS AND FORESTS		3,500,000.00
10—LEGISLATION		14,000.00
11—MINES		2,254,000.00
12—MUNICIPAL AFFAIRS:		
Main Office	9,000.00	
Municipal Board	22,000.00	
Housing Branch	62,000.00	93,000.00
13—PRIME MINISTER		18,000.00
14—PROVINCIAL SECRETARY:		
Main Office and Registrar-General's Branch	349,000.00	
Reformatories and Prisons Branch	954,000.00	1,303,000.00
15—PROVINCIAL TREASURER:		
Main Office—Subsidy	2,941,000.00	
Interest	73,000.00	
Miscellaneous	6,000.00	
Liquor Control Board	9,800,000.00	
Controller of Revenue Branch:		
Succession Duty	13,400,000.00	
Corporation Tax	9,382,000.00	
Race Tracks	612,000.00	
Income Tax	6,200,000.00	
Security Transfer Tax	454,000.00	
Land Transfer Tax	223,000.00	
Law Stamps	403,000.00	
Motion Picture Censorship and Theatre Inspection	201,000.00	
Savings Office	274,000.00	43,969,000.00
16—PUBLIC WORKS		187,000.00
		$88,913,000.00
PUBLIC DEBT—Interest		9,543,000.00
		$98,456,000.00

SUMMARY

Gross Ordinary Revenue	$98,456,000.00
Less: Gross Ordinary Expenditure (before providing for Unemployment Direct Relief, Provision for Sinking Funds and Maturing Railway Aid Certificates	92,406,632.00

Surplus: (before providing for Unemployment Direct Relief, Provision for Sinking Fund, and Maturing Railway Aid Certificates		$ 6,049,368.00
Less: Unemployment Direct Relief and Administration thereof	$9,369,672.00	
Provision for Sinking Fund	1,038,655.00	
Maturing Railway Aid Certificates	85,970.00	
		10,494,297.00
Interim Deficit		$ 4,444,929.00

INTERIM STATEMENT OF GROSS CAPITAL RECEIPTS

FISCAL YEAR APRIL 1ST, 1939—MARCH 31ST, 1940

10 Months Actual—2 Months Forecast—12 Months

DEPARTMENT	GROSS CAPITAL RECEIPTS		
	Works and Resources	Loan Repayments	Trust Fund Deposits
AGRICULTURE	$	$ 39,220.00	$ .....
HIGHWAYS	46,382.00	.....	.....
LANDS AND FORESTS	76,161.00	.....	.....
MINES	75,277.00	.....	.....
MUNICIPAL AFFAIRS	.....	214,987.00	.....
PRIME MINISTER:			
Public Service Superannuation Fund	.....	.....	1,345,000.00
PROVINCIAL TREASURER:			
Main Office	.....	2,805,533.00	221,420.00
Hydro-Electric Power Commission	.....	2,566,049.00	.....
PUBLIC WELFARE:			
Old Age and Blind Pensions Commission	.....	10,115,191.00	.....
PUBLIC WORKS	11,250.00	.....	.....
	$209,070.00	$15,740,980.00	$1,566,420.00

SUMMARY

Works and Resources	$ 209,070.00
Loan Repayments	15,740,980.00
Trust Fund Deposits	1,566,420.00
	$17,516,470.00

PROVINCE OF ONTARIO

DETAIL SUMMARY ACCOUNTING FOR ESTIMATED INCREASE IN GROSS DEBT FOR THE YEAR ENDING MARCH 31ST, 1940

GROSS DEBT INCREASED BY:				
Capital Disbursements—				
Highways, Public Buildings, Public Works, etc.			$25,949,951.00	
Less—Capital Receipts			209,070.00	
			$25,740,881.00	
Discount on Debentures, etc., issued during year			812,975.00	
Loan Advances—				
Municipal Debentures (Net)			104,564.00	
Payments re Guaranteed Debentures (Net)			354,319.00	
Deficit—				
Deficit on Ordinary Account		$4,444,929.00		
Less—Provisions charged to Ordinary Expenditure—				
Railway Aid Certificates	$ 85,970.00			
Sinking Fund Instalments	1,038,655.00	1,124,625.00	3,320,304.00	
Increase in Income Liabilities			332,613.00	$30,665,656.00
GROSS DEBT DECREASED BY:				
Loan Repayments—				
Hydro-Electric Power Commission of Ontario		$2,521,811.00		
Agricultural Development Board		2,401,000.00		
Tile Drainage (Net)		71,643.00		
Housing Loans		214,987.00		
Miscellaneous (Net)		40,384.00	5,249,825.00	
Discount on Debentures, etc., written off			924,777.00	
Earnings on Sinking Fund Investments (Net)			8,679.00	
Increase in Reserves			136.00	6,183,417.00
Estimated Increase as at March 31st, 1940				$24,482,239.00

NOTE.—The above estimated increase in Gross Debt has been based upon the actual receipts and disbursements for the period from April 1st, 1939, to January 31st, 1940, and estimated receipts and disbursements for February and March, 1940.

PROVINCE OF ONTARIO

STATEMENT OF CAPITAL EXPENDITURES WHICH CORRESPONDINGLY INCREASE THE CAPITAL ASSETS OF THE PROVINCE FOR THE PERIOD FROM NOVEMBER 1, 1934, TO MARCH 31, 1940

	YEAR ENDED						
	5 months ended March 31, 1935	Mar. 31/36	Mar. 31/37	Mar. 31/38	Mar. 31/39	Estimated Mar. 31/40	Total
	$	$	$	$	$	$	$
AGRICULTURE:							
Purchase of Land, Erection of Buildings, etc.	.....	.....	.....	58,978.98	.....	.....	58,978.98
EDUCATION:							
University of Toronto	.....	65,638.43	65,638.43	65,638.43	65,638,43	65,638.43	328,192.15
GAME AND FISHERIES:							
Erecting Ponds, Buildings and Dams, Purchase of Land, Buildings, Machinery, equipment	.....	16,139.83	27,997.38	50,554.53	16,902.91	11,254.94	122,849.59
HEALTH:							
Radium Emanation Plants, and Purchase of Radium	39,567.29	167,035.51	6,559.42	.....	.....	.....	213,162.22
HIGHWAYS:							
Road Construction and Northern Ont. Roads	11,506,386.39	15,658,944.61	9,459,983.21	34,622,186.12	32,887,878.35	20,791,301.27	124,926,679.95
LANDS AND FORESTS:							
Reforestation, Surveys, Clearing Townsites, Equipment	97,656.24	290,430.05	415,494.35	312,952.89	390,176.92	397,423.18	1,904,133.63
PROVINCIAL SECRETARY:							
Additions and Alterations, Guelph and Burwash	.....	.....	74,321.92	65,422.62	.....	.....	139,744.54
PUBLIC WORKS:							
Construction of New Buildings, Roads, Bridges, etc.	335,466.79	263,039.57	219,574.55	2,015,118.07	4,850,461.77	2,634,332.73	10,317,993.48
PUBLIC WELFARE:							
Retire Bonded Indebtedness, Alexandra Industrial School	.....	20,000.00	.....	.....	.....	.....	20,000.00
HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO:							
Bonuses, Rural Transmission Lines	120,000.00	305,000.00	1,000,000.00	1,770,000.00	3,030,000.00	2,050,000.00	8,275,000.00
Miscellaneous	.....	211.84	.....	1,857.38	.....	.....	2,069.22
	12,099,076.71	16,786,439.84	11,269,569.26	38,962,709.02	41,241,058.38	25,949,950.55	146,308,803.76

PROVINCE OF ONTARIO

STATEMENT SHOWING VARIOUS NET ORDINARY EXPENDITURES, BY FISCAL PERIODS
FROM NOVEMBER 1, 1934, TO MARCH 31, 1940

	Five months ending March 31/35	YEAR ENDING MARCH 31 1936	1937	1938	1939	(Interim) 1940	Total
EDUCATION	$ 3,429,631.44	$ 9,835,581.81	$10,001,950.31	$11,143,886.65	$12,504,922.47	$12,649,911.06	$ 59,565,883.74
HEALTH	3,055,582.99	6,187,596.83	6,128,023.08	7,576,768.90	8,077,017.49	9,563,325.62	40,588,314.91
AGRICULTURE	690,618.76	1,531,781.13	1,546,471.94	1,753,862.10	1,809,962.63	1,785,840.55	9,118,537.11
UNEMPLOYMENT DIRECT RELIEF AND ADMINISTRATION THEREOF	8,192,673.31	21,813,368.20	13,270,057.29	9,996,164.35	10,175,482.56	9,369,671.60	72,817,417.31
MOTHERS' ALLOWANCES	747,886.55	2,133,489.86	2,477,971.29	4,851,641.50	5,000,040.68	5,067,881.50	20,278,911.38
OLD AGE PENSIONS	687,087.26	1,770,885.31	1,882,713.46	3,082,112.46	3,166,625.40	3,239,381.38	13,828,805.27
PENSIONS FOR THE BLIND	.....	.....	.....	12,848.00	66,251.81	75,276.44	154,376.25
SUBSIDIES—MUNICIPAL AFFAIRS DEPARTMENT	.....	.....	.....	2,920,962.96	2,941,477.08	4,450,075.84	10,312,515.88
	$16,803,480.31	$43,272,703.14	$35,307,187.37	$41,338,246.92	$43,741,780.12	$46,201,363.99	$226,664,761.85

PROVINCE OF ONTARIO

CONTINGENT LIABILITIES

BONDS, ETC., GUARANTEED BY THE PROVINCE, ESTIMATED AS AT MARCH 31ST, 1940

Total (as per Public Accounts, March 31st, 1939)			$143,838,873.98
ADD—New Guarantees for period from April 1st, 1939, to January 31st, 1940—			
Co-Operative Associations			5,000.00
			$143,843,873.98
LESS—Principal Maturities redeemed during period from April 1st, 1939, to January 31st, 1940—			
By Province of Ontario—			
Co-Operative Associations		$ 15,000.00	
Housing		67,537.16	
Municipalities		2,828.19	
Schools		31,349.77	
		$ 116,715.12	
By Municipalities—			
Co-Operative Associations	$ 99,600.00		
Housing	99,105.12		
Municipalities	52,852.84		
Park Commissions	103,000.00		
Power Commissions	6,329,000.00		
Railways	525,000.00		
Schools	160,882.69		
Universities	90,676.09	7,460,116.74	7,576,831.86
			$136,267,042.12
LESS—Sinking Fund Deposits—April 1st, 1939, to January 31st, 1940			19,146.66
Net Liability of the Province as at January 31st, 1940			$136,247,895.46
LESS—Principal Maturities to be redeemed during February and March, 1940—			
By Province of Ontario—			
Housing		$ 42,735.98	
Municipalities		1,346.38	
Schools		138.12	
		$ 44,220.48	
By Municipalities and Others—			
Housing	$ 5,514.14		
Railways	200,000.00		
Schools	11,604.33	217,118.47	261,338.95
			$135,986,556.51
LESS—Estimated Sinking Fund Deposits—February and March, 1940			100.00
Estimated Net Liability of the Province as at March 31st, 1940			$135,986,456.51

SUMMARY

Contingent Liability of the Province—March 31st, 1939	$143,838,873.98
Estimated Contingent Liability of the Province—March 31st, 1940	135,986,456.51
Estimated Decrease	$ 7,852,417.47

BUDGET FORECAST OF ORDINARY REVENUE

FISCAL YEAR APRIL 1ST, 1940—MARCH 31ST, 1941

DEPARTMENT	Detail	Gross Ordinary Revenue	Application of Revenue to Expenditure	Detail	Net Ordinary Revenue
1—AGRICULTURE		$ 327,618.00			$ 327,618.00
2—ATTORNEY-GENERAL:					
Main Office and Branches		1,057,050.00	$ 121,650.00		935,400.00
3—EDUCATION		100,000.00			100,000.00
4—GAME AND FISHERIES		922,000.00			922,000.00
5—HEALTH:					
Main Office and Branches	$ 60,120.00		2,000.00	$ 58,120.00	
Hospital Branch	1,390,500.00	1,450,620.00		1,390,500.00	1,448,620.00
6—HIGHWAYS					
Main Office and Branches	10,000.00			10,000.00	
Gasoline Tax Branch	24,000,000.00			24,000,000.00	
Miscellaneous Permits Branch	90,000.00			90,000.00	
Motor Vehicles Branch	8,500,000.00	32,600,000.00		8,500,000.00	32,600,000.00
7—INSURANCE		220,000.00			220,000.00
8—LABOUR		80,000.00	3,500.00		76,500.00
9—LANDS AND FORESTS:					
Main Office and Branches		3,486,306.40			3,486,306.40
10—LEGISLATION		11,500.00			11,500.00
11—MINES		2,158,257.00	5,000.00		2,153,257.00
12—MUNICIPAL AFFAIRS:					
Main Office and Municipal Board		21,250.00			21,250.00
13—PRIME MINISTER:					
King's Printer—Ontario Gazette		16,000.00			16,000.00
14—PROVINCIAL SECRETARY:					
Main Office and Registrar-General's Branch	329,100.00			329,100.00	
Reformatories and Prisons Branch	901,000.00	1,230,100.00	682,000.00	219,000.00	548,100.00
15—PROVINCIAL TREASURER:					
Main Office—Subsidy	2,941,424.00			2,941,424.00	
Interest	73,000.00			73,000.00	
Liquor Control Board	9,500,000.00			9,500,000.00	
Controller of Revenue Branch					
Succession Duty	12,000,000.00			12,000,000.00	
Corporations Tax	15,000,000.00			15,000,000.00	
Race Tracks	525,000.00			525,000.00	
Income Tax	5,000,000.00			5,000,000.00	
Security Transfer Tax	350,000.00			350,000.00	
Land Transfer Tax	225,000.00			225,000.00	
Law Stamps	365,000.00			365,000.00	
Motion Picture Censorship and Theatre Inspection Branch	170,000.00			170,000.00	
Savings Office	276,824.36	46,426,248.36	276,824.36		46,149,424.00
16—PUBLIC WORKS		49,034.00	13,800.00		35,243.00
MISCELLANEOUS		100,000.00	100,000.00		
		$90,255,983.76	$1,204,774.36		$89,051,209.40
PUBLIC DEBT—Interest, etc.	$8,917,189.75		8,917,189.75		
Foreign Exchange	718,187.70	9,635,377.45	718,187.70		
TOTAL		$99,891,361.21	$10,840,151.81		$89,051,209.40

SUMMARY

Net Ordinary Revenue	$89,051,209.40
Net Ordinary Expenditure (not including Unemployment Relief)	82,744,970.24
EXCESS OF ORDINARY REVENUE OVER ORDINARY EXPENDITURE	$6,306,239.16
Estimated Net Expenditure on account of Unemployment Direct Relief and administration thereof	5,950,000.00
SURPLUS FORECAST	$ 356,239.16

BUDGET FORECAST OF ORDINARY EXPENDITURE

FISCAL YEAR APRIL 1ST, 1940—MARCH 31ST, 1941

DEPARTMENT	Detail	Gross Ordinary Expenditure	Application of Revenue to Expenditure	Detail	Net Ordinary Expenditure
1—AGRICULTURE		$ 2,128,885.00			$ 2,128,885.00
2—ATTORNEY-GENERAL:					
Main Office and Branches		3,186,410.00	$ 121,650.00		3,064,760.00
3—EDUCATION		12,000,000.00			12,000,000.00
4—GAME AND FISHERIES		610,000.00			610,000.00
5—HEALTH:					
Main Office and Branches	$ 1,226,260.00		2,000.00	1,224,260.00	
Hospitals Branch	9,420,790.00	10,647,050.00		9,420,790.00	10,645,050.00
6—HIGHWAYS:					
Main Office and Branches	10,969,300.00			10,969,300.00	
Motor Vehicles Branch	402,000.00	11,371,300.00		402,000.00	11,371,300.00
7—INSURANCE		61,000.00			61,000.00
8—LABOUR		500,000.00	3,500.00		496,500.00
9—LANDS AND FORESTS:					
Main Office and Branches		2,312,000.00			2,312,000.00
10—LEGISLATION		273,000.00			273,000.00
11—LIEUTENANT-GOVERNOR		10,000.00			10,000.00
12—MINES		369,625.00	5,000.00		364,625.00
13—MUNICIPAL AFFAIRS:					
Main Office and Municipal Board	108,370.00				
Subsidy—1 Mill—To cities, towns, incorporated villages and townships	3,000,000.00	3,108,370.00			3,108,370.00
14—PRIME MINISTER		167,265.00			167,265.00
15—PROVINCIAL AUDITOR		118,200.00			181,200.00
16—PROVINCIAL SECRETARY:					
Main Office and Registrar-General's Branch	120,000.00			120,000.00	
Reformatories and Prisons Branch	1,950,000.00	2,070,000.00	682,000.00	1,268,000.00	1,388,000.00
17—PROVINCIAL TREASURER:					
Main Office	864,640.00			864,640.00	
Budget Committee Office	9,520.00			9,520.00	
Controller of Revenue Branch	464,510.00			464,510.00	
Motion Picture Censorship and Theatre Inspection Branch	45,525.00			45,525.00	
Post Office	147,115.00			147,115.00	
Savings Office	276,824.36	1,808,134.36	276,824.36		1,531,310.00
18—PUBLIC WELFARE:					
Main Office and Branches	387,810.00			387,810.00	
Old Age Pensions Commission and Pensions for the Blind	3,475,165.00			3,475,165.00	
Mothers' Allowances Commission	5,271,420.00	9,134,395.00		5,271,420.00	9,134,395.00
19—PUBLIC WORKS		690,000.00	13,800.00		676,200.00
MISCELLANEOUS		104,400.00	100,000.00		4,400.00
		$60,670,034.36	$ 1,204,774.36		$59,465,260.00
PUBLIC DEBT—Interest, etc.		31,072,173.81	8,917,189.75		22,154,984.06
Foreign Exchange		1,842,913.88	718,187.70		1,124,726.18
TOTAL		$93,585,122.05	$10,840,151.81		$82,744,970.24
ADD: Estimated Net Expenditure on account of Unemployment Direct Relief and the Administration thereof		5,950,000.00			5,950,000.00
GRAND TOTAL		$99,535,122.05	$10,840,151.81		$88,694,970.24

BUDGET FORECAST OF CAPITAL RECEIPTS

FISCAL YEAR APRIL 1ST, 1940—MARCH 31ST, 1941

DEPARTMENT	CAPITAL RECEIPTS		
	Works and Resources	Loan Repayments	Trust Fund Deposits
AGRICULTURE	.....	$ 2,700.00	.....
HIGHWAYS	$ 5,000.00	.....	.....
LABOUR	.....	55,000.00	.....
LANDS AND FORESTS	.....	.....	.....
MINES	40,000.00	.....	.....
MUNICIPAL AFFAIRS	.....	30,000.00	.....
PRIME MINISTER:			
Public Service Superannuation Fund	.....	.....	$1,350,000.00
PROVINCIAL TREASURER:			
Main Office	.....	3,543,973.76	166,616.78
Hydro-Electric Power Commission	.....	7,768,676.91	.....
PUBLIC WELFARE:			
Dominion Government—			
Old Age Pensions Commission	.....	9,810,000.00	.....
Pensions for Blind	.....	240,000.00	.....
	$45,000.00	$21,450,350.67	$1,516,616.78

SUMMARY

Works and Resources	$ 45,000.00
Loan Repayments	21,450,350.67
Trust Fund Deposits	1,516,616.78
	$23,011,967.45

BUDGET FORECAST OF CAPITAL PAYMENTS

FISCAL YEAR APRIL 1ST, 1940—MARCH 31ST, 1941

DEPARTMENT	CAPITAL PAYMENTS		
	Works and Resources	Loan Advances	Trust Fund Repayments
AGRICULTURE	.....	$ 25,000.00	.....
EDUCATION	$ 65,638.43	.....	.....
GAME AND FISHERIES	15,000.00	.....	.....
HIGHWAYS	7,000,000.00	.....	.....
LABOUR	.....	55,000.00	.....
LANDS AND FORESTS	386,600.00	.....	.....
PRIME MINISTER	.....	.....	.....
Public Service Superannuation Fund	.....	.....	$ 850,000.00
PROVINCIAL TREASURER:			
Main Office	.....	1,401,544.44	234,901.78
Hydro-Electric Power Commission	2,250,000.00	60,000.00	.....
PUBLIC WELFARE:			
Dominion Government:			
Old Age Pensions Commission	.....	9,810,000.00	.....
Pensions for Blind	.....	240,000.00	.....
PUBLIC WORKS	525,500.00	.....	.....
	$10,242,738.43	$11,591,544.44	$1,084,901.78

SUMMARY

Works and Resources	$10,242,738.43
Loan Advances	11,591,544.44
Trust Fund Repayments	1,084,901.78
	$22,919,184.65

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Annual Report of the Department of Health, Ontario, 1939. (*Sessional Papers, No. 14.*)

The House then adjourned at 4.30 p.m.

FRIDAY, FEBRUARY 16TH, 1940

PRAYERS. 3 O'CLOCK P.M.

The following Bills were read the third time and were passed:—

Bill (No. 42), An Act to amend The Solicitors' Act.

Bill (No. 43), An Act to amend The Law Society Act.

Bill (No. 46), An Act to amend The Securities Act.

The following Bills were severally read the second time:—

Bill (No. 51), An Act to amend The Municipal Act.

Referred to the Committee on Municipal Law.

Bill (No. 28), An Act respecting the Toronto Hospital for Consumptives.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 6), An Act respecting the Township of North York.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 41), An Act to amend The Income Tax Act.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 56), An Act to amend The Assessment Act.

Referred to the Committee on Municipal Law.

Bill (No. 57), An Act to amend The Municipal Act.

Referred to the Committee on Municipal Law.

Bill (No. 50), An Act to amend The Ontario Municipal Board Act.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 54), An Act to amend The Mining Act.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 52), The Credit Unions Act, 1940.

Referred to a Committee of the Whole House on Monday next.

Bill (No. 55), An Act to amend The Unwrought Metal Sales Act.

Referred to a Committee of the Whole House on Monday next.

The Order of the Day for the second reading of Bill (No. 53), An Act to amend The Cemetery Act, having been read,

Ordered, That the Order be discharged, and that the Bill be withdrawn.

The following Bills were severally introduced and read the first time:—

Bill (No. 58), intituled, "An Act to amend The Fatal Accidents Act." *Mr. Elgie.*

Ordered, That the Bill be read the second time on Monday next.

Bill (No. 59), intituled, "An Act to amend The Workmen's Compensation Act." *Mr. Elgie.*

Ordered, That the Bill be read the second time on Monday next.

The House resolved itself into a Committee, severally to consider the following Bills:—

Bill (No. 9), An Act respecting the Town of Chelmsford.

Bill (No. 12), An Act respecting the Town of Bonfield.

Bill (No. 13), An Act respecting the Village of Killaloe Station.

Bill (No. 15), An Act respecting the Town of Charlton.

Bill (No. 17), An Act respecting the City of London.

Mr. Speaker resumed the Chair, and Mr. Carr reported, That the Committee had directed him to report the several Bills without Amendments.

Ordered, That the Bills reported be severally read the third time on Monday next.

The House resolved itself into a Committee to consider Bill (No. 38), The School Law Amendment Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Carr reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time on Monday next.

The House then adjourned at 4.40 p.m.

MONDAY, FEBRUARY 19TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Challies asked the following Question (No. 3):—

1. What is the total deficit on all rural power districts under the jurisdiction of the Hydro-Electric Power Commission after full provisions have been made for renewals, resources, contingencies, etc., for each year from October 31st, 1934, to end of October 31st, 1939.

The Honourable the Prime Minister replied as follows:—

1. For year ending—

Oct. 31st, 1935	Surplus	$ 27,310.66
Oct. 31st, 1936	"	109,743.49
Oct. 31st, 1937	"	97,364.58
Oct. 31st, 1938	"	63,200.81
Oct. 31st, 1939	"	51,887.11

Provision for contingency and all other reserves made for year 1935. Subsequent to 1935, no provision has been made for contingency reserve, except the provision included in the cost of power supplied to these rural power districts, but all other reserves have been provided for.

Mr. Challies asked the following Question (No. 4):—

1. (*a*) How many rural power districts under the jurisdiction of the Hydro-Electric Power Commission have deficits after full provisions have been made for the regular renewals, reserves, contingencies, etc., during 1939, and what was the total deficits, (*b*) What changes have been made, if any, in the provision for renewals, reserves, contingencies, etc., on rural power districts under the Hydro-Electric Power Commission since October 31st, 1938.

The Honourable the Prime Minister replied as follows:—

1. (*a*)	117 Districts made deficits	$195,435.31
	67 Districts made surpluses	247,322.42
	Net surplus for year	$ 51,887.11

(*b*) No changes have been made in the reserve provisions for the year.

Mr. Murphy asked the following Question (No. 16):—

1. What was the total cost of property purchased for the Queen Elizabeth highway between the Humber River and Brown's Line. 2. What was the total cost of the grading, construction of the bridges and viaducts. 3. Who are the contractors and what was the cost of each contract.

The Honourable the Minister of Highways replied as follows:

1. $378,350.00; 2. $458,737.33.

3. Patterson Paving Company	$ 46,457.70
Dominion Construction Co.	178,161.50
Scott-Jackson Construction Co.	157,232.07
Scott-Jackson Construction Co.	322.21
Scott-Jackson Construction Co.	19,849.18
Scott, Jackson Construction Co.	37,111.76
Honsberger Construction Co.	19,602.91
	$458,737.33

Mr. Roebuck asked the following Question (No. 18):—

How many applications are pending, i.e., have been received and not granted or not rejected by notice to the applicant: (*a*) for Old Age Pensions and (*b*) for Mothers' Allowance.

The Honourable the Minister of Public Welfare replied as follows:—

Old Age Pension applications are being received at the rate of 800 a month.

At January 31st, 368 were awaiting investigation, including those who make application three months before reaching the age of 70 in order that there may be no delay in receiving payment when they reach that age. It may be noted that in January, 228 such cases had been dealt with, eligible for payment in February.

Mothers' Allowances applications are received at the rate of 250 a month and this number were ready for investigation on January 31st.

Mr. Frost asked the following Question (No. 43):—

1. Is H. W. Cooper employed by the Ontario Government and if so, in what position and at what salary. 2. What position has he held with the Ontario government, for what periods and at what salaries. 3. Was he dismissed or transferred from his position as Superintendent of Buildings and Grounds at the Normal School, Toronto, and if so, why. 4. On whose recommendation was he employed.

The Honourable Minister of Education replied as follows:—

1. Yes, Assistant Superintendent of Buildings and Grounds, Parliament Buildings, at a salary of $2,000. 2. October 1st, 1934, to August 6th, 1935, Utility Man, Andrew Mercer Reformatory, $5.00 a day; August 7th to October 28th, 1935, Temporary Engineer, Ontario Reformatory, Guelph, 70c. an hour; October 29th, 1935, to October 21st, 1936, Stationary Engineer, Andrew Mercer Reformatory, $1,600 a year, October 22nd, 1936, to December 31st, 1939, Superintendent, Normal School Buildings and Grounds, Toronto, $2,400 a year less $600 perquisites; January 1st, 1940, Assistant Superintendent of Buildings and Grounds, Parliament Buildings, $2,000 a year. 3. Transferred. 4. At the Mercer and Ontario Reformatory by the Provincial Secretary, at the Normal School by the Minister of Education, at the Parliament Buildings by the Minister of Public Works.

In connection with Question (No. 1), the Honourable the Prime Minister required that this question be made an order for a Return,

And on Motion of Mr. Kidd, seconded by Mr. Arnott, it was

Ordered, That there be laid before this House a Return, showing:—

1. What lands have been purchased by the Government in connection with the Ontario Hospital at St. Thomas, since March 15th, 1939. 2. How many acres of land were purchased since March 15th, 1939, (*a*) From whom was the land purchased, (*b*) What was the purchase price of each parcel of land. 3. The total amount expended on the Ontario Hospital at St. Thomas to date. 4. The total amount of tenders awarded. 5. To whom were tenders granted, and what was the amount in each case, since March 15th, 1939. 6. The total amount expended without tenders since March 15th, 1939. 7. The amount of extras granted on each specific tender, since March 15th, 1939.

The following Bills were read the third time and were passed:—

Bill (No. 9), An Act respecting the Town of Chelmsford.

Bill (No. 12), An Act respecting the Town of Bonfield.

Bill (No. 13), An Act respecting the Village of Killaloe Station.

Bill (No. 15), An Act respecting the Town of Charlton.

Bill (No. 17), An Act respecting the City of London.

Bill (No. 38), The School Law Amendment Act, 1940.

The Order of the Day for resuming the Adjourned Debate on the Motion that Mr. Speaker do now leave the Chair, and that the House resolve itself into the Committee of Supply, having been read,

The Debate was resumed,

And after some time it was on the motion of Mr. Nixon (Temiskaming),

Ordered, That the Debate be adjourned until to-morrow.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Report of the Secretary and Registrar of the Province of Ontario with respect to the administration of The Companies Act, The Extra Provincial Corporations Act, The Mortmain and Charitable Uses Act and The Companies Information Act for year ending March 31st, 1939. (*Sessional Papers No. 33.*)

Also, Report of the Department of Labour of the Province of Ontario for year ending March 31st, 1939. (*Sessional Papers No. 10.*)

Also, Report of the Department of Lands and Forests, Ontario, for year ending March 31st, 1939. (*Sessional Papers No. 3.*)

Also, Return to an Order of the House, dated February 19th, 1940, That there be laid before this House a Return showing—1. What lands have been purchased by the Government in connection with the Ontario Hospital at St. Thomas, since March 15th, 1939. 2. How many acres of land were purchased since March 15th, 1939, (*a*) From whom was the land purchased, (*b*) What was the purchase price of each parcel of land. 3. The total amount expended on the Ontario Hospital at St. Thomas to date. 4. The total amount of tenders awarded. 5. To whom were tenders granted, and what was the amount in each case, since March 15th, 1939. 6. The total amount expended without tenders since March 15th, 1939. 7. The amount of extras have been granted on each specific tender, since March 15th, 1939. (*Sessional Papers No. 49.*)

The House then adjourned at 6.00 p.m.

TUESDAY, FEBRUARY 20TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Leduc, from the Select Committee appointed to inquire into the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests, presented an interim report, which was read as follows:—

The Select Committee of the Legislature appointed to inquire into the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests begs leave to submit the following interim report:

The Committee has held 16 sittings and heard considerable evidence. It now desires to submit to the Legislature the following resolutions which have been adopted by the Committee:

"That the Chairman be instructed by this Committee to report to the House that in the opinion of this Committee, the Minister of Lands and Forests should at an early date take the necessary steps for the purpose of holding a conference or conferences between representatives of the different groups interested in the effective utilization of our forest resources, including:

1. Industry which uses our forest resources as raw material.

2. Labour engaged in the cutting, manufacture, distribution and sale of our forest resources.

3. The independent operators who cut and sell forest resources.

4. Transportation Companies.

5. Power Producers.

"And this Committee further recommends that in view of the opportunity now open to Ontario to secure the market in the United States for peeled pulpwood, the Acts conveying deeds of timber lands to railways and other corporations be so amended at this Session as to permit the export of such pulpwood or that the Legislature by special Act empower the Minister of Lands and Forests to authorize such export on an annual permit basis under departmental regulation."

This interim report is hereby respectfully submitted for the consideration of this House.

Committee Room, February 20th, 1940.

On the motion by Mr. Leduc for the adoption of the Report, Mr. Drew moved in amendment that the Minister of Mines be substituted for the Minister

of Lands and Forests in the first paragraph of the first recommendation in the Report.

The amendment having been put was declared to be lost.

The motion for the adoption of the Report was then put and declared to be Carried.

Mr. Carr, from the Standing Committee on Municipal Law, presented their Report, which was read as follows and adopted:—

Your Committee have carefully considered the provisions of Bills Nos. 31, 51 and 57 to amend The Municipal Act, and such of their provisions as have been approved of have been embodied in a Bill entitled "The Municipal Amendment Act, 1940."

Your Committee have carefully considered the provisions of Bills Nos. 34 and 56 to amend The Assessment Act, and such of their provisions as have been approved of have been embodied in a Bill entitled "The Assessment Amendment Act, 1940."

Your Committee have also carefully considered Bill No. 49, An Act to amend The Municipal Act, and recommend that the same be not further proceeded with.

The following Bills were severally introduced and read the first time:—

Bill (No. 60), intituled, "An Act to amend The Highway Traffic Act." *Mr. Elgie.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 61), intituled, "An Act to amend The Negligence Act." *Mr. Elgie.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 62), intituled, "The Municipal Amendment Act, 1940." *Mr. Cross.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 63), intituled, "The Assessment Amendment Act, 1940." *Mr. Cross.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 64), intituled, "The Statute Law Amendment Act, 1940." *Mr. Conant.*

Ordered, That the Bill be read the second time to-morrow.

On motion of Mr. Conant, seconded by Mr. Nixon (Brant),

Ordered, That this House do forthwith resolve itself into a Committee to consider a certain proposed Resolution respecting taxation of Corporations.

Mr. Nixon (Brant) acquainted the House that His Honour the Lieutenant-Governor having been informed of the subject matter of the proposed Resolution, recommends it to the consideration of the House.

The House then resolved itself into the Committee.

(*In the Committee*)

Resolved that

(*a*) every incorporated company upon which taxes are imposed by sections 3 to 9 of The Corporations Tax Amendment Act, 1939, shall for the fiscal year of such incorporated company ending in 1939 and every fiscal year thereafter pay a further tax equal to twenty-five per centum of the taxes imposed upon such incorporated company thereby:

(*b*) the tax imposed upon an incorporated company by subsection 1 of section 14 of The Corporations Tax Act, 1939, shall be at the rate of five per centum calculated upon the net income of the incorporated company for the fiscal year ending in 1939 and all fiscal years thereafter, and

(*c*) the tax imposed upon an incorporated company by section 15 of The Corporations Tax Act, 1939, shall be at the rate of five per centum calculated upon the net income as therein defined for the fiscal year ending in 1939 and all fiscal years thereafter.

Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had come to a certain Resolution.

Ordered, That the Report be now received.

Resolved that

(*a*) every incorporated company upon which taxes are imposed by sections 3 to 9 of The Corporations Tax Amendment Act, 1939, shall for the fiscal year of such incorporated company ending in 1939 and every fiscal year thereafter pay a further tax equal to twenty-five per centum of the taxes imposed upon such incorporated company thereby,

(*b*) the tax imposed upon an incorporated company by subsection 1 of section 14 of The Corporations Tax Act, 1939, shall be at the rate of five per centum calculated upon the net income of the incorporated company for the fiscal year ending in 1939 and all fiscal years thereafter; and

(*c*) the tax imposed upon an incorporated company by section 15 of The Corporations Tax Act, 1939, shall be at the rate of five per centum calculated

upon the net income as therein defined for the fiscal year ending in 1939 and all fiscal years thereafter.

The Resolution having been read the second time, was agreed to, and referred to the House on Bill (No. 45).

The following Bill was read the second time:—

Bill (No. 45), An Act to amend The Corporations Tax Act, 1939.

Referred to a Committee of the Whole House to-morrow.

The Order of the Day for resuming the Adjourned Debate on the Motion that Mr. Speaker do now leave the Chair, and that the House resolve itself into the Committee of Supply, having been read,

The Debate was resumed,

And after some time it was on the motion of Mr. Oliver,

Ordered, That the Debate be adjourned until to-morrow.

The House then adjourned at 10.30 p.m.

WEDNESDAY, FEBRUARY 21ST, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Nixon (Temiskaming) from the Standing Committee on Agriculture presented their Report, which was read as follows and adopted:—

Your Committee met on five occasions. At its first meeting on January 11th, informal in character, a programme was drafted for its activities during the Session. At its first regular meeting on January 16th, Mr. Nixon (Temiskaming) was elected chairman on motion of Mr. Macfie and Mr. Campbell (Kent East).

Mr. Dewan, Minister of Agriculture, gave a report on the steps taken by the Department relative to war-time production, and reviewed details of the Canadian Bacon Board's agreement. W. R. Reek, Deputy Minister of Agriculture, supplemented this report with a statement of the Department's work in planning increased crop production on Ontario's present cultivated acreage.

At its third meeting on January 25th, the committee was advised in detail of the Bacon Board agreement and programme by L. W. Pearsall, secretary-manager of the board. Supplementary information, in general discussion of the agreement and its effects, was given by Kenneth Morrison, manager of the First Co-operative Packers, Barrie. Mr. Dewan drew to the Committee's attention that several small packers had complained that their business was threatened by imports of United States pork products. Mr. Morrison claimed that, with all its faults, the bacon agreement plan was better than that of the last war when exports were handled solely by the packers. He urged producer representation on the board.

The fourth meeting, held on February 8th, was devoted to a study of specific farm problems. Norman Schultz, Brantford poultryman, urged the Committee to recommend an amendment to The Livestock Protection Act that would allow compensation for poultry killed by dogs.

Harry Wilson, Charing Cross, Kent County, a member of the advisory committee to the Bacon Board, claimed the war-time hog production programme was threatened by cholera, hemorrhagic septicemia and other diseases, and asked for specific government technical and advisory assistance.

Joseph Darlington, York County dairyman, discussed losses from disease in cattle and asked assistance in combatting contagious abortion, specifically.

I. B. Whale, livestock editor, *The Farmers' Advocate*, and manager of the Advocate Farm, London, spoke on farm management. Unless farm income reached a parity with urban income, he said, farmers would soon require legislative assistance.

The Committee's final meeting was held on February 21st. Mr. Reek advised that, following a meeting of your Committee's sub-committee, the Department had assigned four veterinaries and a practical man to the Western counties to work on the swine disease problem. The same sub-committee submitted a draft amendment advocating extension of compensation to poultrymen. On the suggestion of Mr. Macfie, it was decided to leave the recommendation for the study of the Department over the recess.

Moved by Mr. Acres, seconded by Mr. Campbell (Kent East),

That the Committee on Agriculture respectfully expresses itself as follows:—

1. We speak in a large measure for the agricultural interest of the Province of Ontario.

2. We desire to co-operate in every way possible with the several boards charged with the responsibility for directing agricultural effort effectively for the prosecution of the war.

3. We have carefully considered the bacon agreement and commend the Bacon Board for its effort to secure an amended agreement and price from that first proposed, for its effort to stabilize the price secured over the period for which the present agreement operates, and for its desire and effort to place all the facts connected with the production of bacon before the hog producers of Canada.

4. We further desire to emphasize on behalf of the hog producers of Ontario the necessity of keeping before the Board the relationship of production costs on the farms of the efficient hog growers of the Province and having such information to constantly emphasize to the Food Purchasing Board of Britain the necessity of so adjusting the price of bacon products of Canada to hog production costs that the Bacon Board shall thus be assured of the possibility of an unvarying supply of bacon products for the duration of the war and for such time after its conclusion as will allow for an adjustment to the conditions that will be existent at that time.

5. We desire further to request that the Minister of Agriculture for Ontario (the Province producing the largest quantity of bacon of any Province) be kept constantly apprised of the activities of the Bacon Board inasmuch as these local departments are charged with the Educational programme necessary to this production.

6. We desire also to emphasize the fact that in all other products called for by the Motherland and her Allies the Agriculture of the Country shall not be called on to produce at prices so out of proportion to the cost of production as to discourage that production but if these costs increase from time to time (as they seem invariably to do) the prices of Agricultural products shall be stepped up in accordance with such increased costs.

The Committee, on the motion of Mr. Macfie and Mr. McEwen, appointed a sub-committee of four, to act in conjunction with the Minister, and to draw up a resolution if such action is felt necessary, to press upon Ottawa the need of halting duty draw-back provisions on pork imported from the United States.

On the advice of the Minister, a sub-committee, with advisory powers, was drafted to act with the Department on war-time production policies and the allied problem of investigating and surveying the farm labour situation.

On motion of Mr. Conant, seconded by Mr. Leduc,

Ordered, That a Select Committee of this House be appointed to enquire into: The administration of justice in the Province, including the constitution, maintenance and organization of Provincial Courts, both of civil and of criminal jurisdiction, and including procedure in civil matters in those Courts, with a view to—

(i) improving the constitution, organization and the system of maintenance of the said courts,

(ii) simplifying, facilitating, expediting and otherwise improving practice and procedure in the said courts, and

(iii) effecting economy to the people, the municipalities and to the Province generally,

and to report upon what amendments are necessary or desirable to the existing law.

The said Select Committee to consist of Messrs. Conant (Chairman), Leduc, Strachan, Arnott and Frost, and to have authority to sit during the recess of the House.

And that the said Select Committee shall have full power and authority to call for persons, papers, and things, and to examine witnesses under oath, and the Assembly doth hereby command and compel the attendance before the said Select Committee of such persons and the production of such papers and things as the said Committee may deem necessary for any of its proceedings or deliberations, for which purpose the Honourable the Speaker may issue his warrant or warrants.

Mr. Macaulay asked the following Question (No. 29):—

1. How many cases were prosecuted under The Industrial Standards Act in (*a*) Fiscal year ending March 31st, 1939, (*b*) Present fiscal year to date. 2. How much was collected in fines in each of such periods in such prosecutions. 3. How many convictions were registered in such prosecutions in each of such periods.

The Honourable the Minister of Labour replied as follows:—

1. (*a*) 198, (*b*) 93 (7 in court at present). 2. (*a*) $1,440.00, (*b*) $560.00. 3. (*a*) 157, (*b*) 63.

Mr. Stewart asked the following Question (No. 30)—

What portion of the item of $24,141,817.00, the total sales from Breweries and Brewery Warehouses as stated in the report of the Liquor Control Board for the year ending March 31st, 1939, represents sales to authority holders.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

The figure of "24,141,817" represents gallons—not dollar value. Of this figure 16,411,218 gallons were sales to authority holders.

Mr. Welsh asked the following Question (No. 32):—

1. How many physicians, senior assistant physicians, graduate medical internes, other medical internes and dentists were employed at the Psychiatric Hospital, Toronto, as of January 31st, 1940. 2. What were their names and salaries and where no salary was being paid, what emoluments did each receive by way of board, lodging or other perquisites. 3. What consultants were attached to the staff of the Psychiatric Hospital, Toronto, as of January 31st, 1940, and at what honoraria or other emolument. 4. How many persons were employed at the Psychiatric Hospital, Toronto, as of January 31st, 1940, specifying whether full or part time and including consultants. 5. What was the average number of patients in residence at the Psychiatric Hospital, Toronto, during the year ending January 31st, 1940.

The Honourable the Minister of Health replied as follows:—

1. 7. 2. Dr. C. B. Farrar, $5,000 per annum, Dr. E. P. Lewis, $4,400 per annum, Dr. J. E. Sharpe, $3,600 per annum, Dr. M. V. Jackson, $3,000 per annum, Dr. J. G. Dewan, $3,000 per annum, Dr. Macia Campbell, $120 per annum plus board, Dr. J. A. Weddell, $120 per annum plus board. 3. Dr. Trevor Owen, Internist, $1,000 per annum, Dr. George Boyer, Neurologist and Instructor, $520 per annum, Dr. H. W. Johnston, Gynaecologist, $520 per annum, Dr. W. H. Lowrey, Opthalmologist, $520 per annum, Dr. K. G. McKenzie, Neuro-Surgeon, $520 per annum, Dr. Cecil Rae, Nose and Throat, $520 per annum, Dr. E. A. Linell, Neuropathologist, $600 per annum. 4. 68 full-time employees, 7 part-time employees. 5. During the year ending January 31st, 1940, 1,759 patients were treated in the out-patient department and 639 patients in residence, or an average of 60 patients in residence per day.

Mr. Welsh asked the following Question (No. 34):—

1. How many patients were being boarded out from each of the Ontario Hospitals on December 31st, 1939. 2. What was the amount paid by the Government with respect to the boarding out of patients from each of the Ontario Hospitals for the fiscal years ending March 31st, 1937, March 31st, 1938, and March 31st, 1939. 3. How often are inspections made by the Government with respect to each boarding out home and by whom.

The Honourable the Minister of Health replied as follows:—

1. Ontario Hospital, Brockville 46
Ontario Hospital, Cobourg 3
Ontario Hospital, Fort William ..... —
Ontario Hospital, Hamilton 39
Ontario Hospital, Kingston 74
Ontario Hospital, London 90
Ontario Hospital, New Toronto 79
Ontario Hospital, Penetang 27
Ontario Hospital, Toronto 46
Ontario Hospital, Whitby 94
Ontario Hospital, Woodstock ..... —

2.

Ontario Hospital—	March 31st, 1937	March 31st, 1938	March 31st, 1939
Brockville	$ 5,475.76	$ 8,075,97	$10,638.40
Cobourg	1,033.83	908.46	936.75
Fort William	Nil	Nil	Nil
Hamilton	7,583.66	8,320.25	10,159.84
Kingston	11,998.79	12,806.34	12,359.33
London	18,324.42	22,737.58	23,041.74
New Toronto	19,066.37	17,731.24	17,533.85
Penetang	1,391.36	5,342.10	5,866.50
Toronto	9,122.08	11,658.95	11,834.55
Whitby	19,937.25	21,706.84	24,297.18
Woodstock	Nil	Nil	Nil

3. Ontario Hospital, Brockville—The first inspection is made by the Superintendent. After patients are placed in the home, the Senior Assistant Physician visits at least once every three months, the Director of the Mental Health Clinic visits at least once each month and the Social Worker visits at least twice every month.

Ontario Hospital, Cobourg—Inspections are made by Social Worker at least once a month, periodically accompanied by a member of the medical staff.

Ontario Hospital, Hamilton—Inspections are made by the Social Worker once a week for the first month and once a fortnight thereafter, by the Clinic Physician once a month and by the Superintendent or his Assistant once a quarter.

Ontario Hospital, Kingston—Inspections are made by the Social Worker once a week for the first month and at least once a month thereafter, the Senior Assistant Physician every three months and by other members of the medical staff whenever required.

Ontario Hospital, London—Inspections are made once a week for the first month by the Social Worker and at least monthly thereafter, and at least quarterly by the Senior Physician.

Ontario Hospital, New Toronto—Inspections are made every ten days by the Social Worker, and quarterly by the Assistant Superintendent, and half-yearly by the Superintendent accompanied by the Assistant Superintendent and Social Worker.

Ontario Hospital, Penetang—Inspections are made by a nurse every two weeks and by the Assistant Superintendent every two months.

Ontario Hospital, Toronto—Inspections are made by Social Worker once a week, by the Senior Assistant Physician every three months and by the Superintendent twice a year.

Ontario Hospital, Whitby—Inspections are made weekly by the Social Worker, every two months by the Clinic Physician and twice a year by the Superintendent or his Assistant.

Mr. Welsh asked the following Question (No. 35):—

1. How many Mental Health Clinics are in operation in conjunction with Ontario Hospitals at date. 2. In connection with which Ontario Hospitals are Mental Health Clinics operating. 3. What was the total cost of operating each Mental Health Clinic during the fiscal year ending March 31st, 1939, including salaries of officials, travelling expenses, and all other incidental expenses.

The Honourable the Minister of Health replied as follows:—

1. 5. 2. Ontario Hospitals at Brockville, Kingston, Hamilton, London and Whitby. 3. Ontario Hospital, Brockville, $15,192.48; Ontario Hospital, Kingston, $7,770.13; Ontario Hospital, Hamilton, $7,630.27; Ontario Hospital, London, $8,577.52: Ontario Hospital, Whitby, $7,149.77.

Mr. Welsh asked the following Question (No. 36):

1. Is any charge made by the Province of Ontario against the Dominion Government for the use of the Ontario Hospital at St. Thomas as an Air Training centre. 2. If so, what is the nature and amount of the charge. 3. Has the government of the Dominion agreed with the Province of Ontario as to keeping buildings in present state of repair. 4. Is there any formal agreement between the Province of Ontario and the Dominion of Canada as to the use of the Ontario Hospital, St. Thomas, by the Federal authorities.

The Honourable the Prime Minister replied as follows:—

1. No. The Dominion Government reimburses the Province for the estimated cost pertaining to the transportation of patients, staff, stores, produce, furnishings and equipment and other expenses, including the cost of alterations and installations made by the Province in other premises used by the patients and staff removed from the Hospital, and the transportation to and installation costs when occupation of the Hospital is resumed by the Province. In addition the Dominion also reimburses the Province for costs of a recurring nature. 2. Answered by No. 1. 3. Yes. 4. Yes (dated October 23rd, 1939).

Mr. Welsh asked the following Question (No. 37):—

1. What is the present position of Dr. Wilfred D. Smith with the Ontario Government. 2. When was he appointed his present position. 3. What is his salary.

The Honourable the Minister of Labour replied as follows:—

1. Member, Workmen's Compensation Board. 2. January 1st, 1940. 3. $6,000 per annum.

Mr. Frost asked the following Question (No. 39):—

1. How many inmates were there at the Ontario Brick and Tile Plant at Mimico on December 31st, 1939. 2. On December 31st, 1939, what stock was on hand at the Ontario Brick and Tile Plant at Mimico with respect to: (*a*) Common brick; (*b*) Rug or Tapestry brick; (*c*) Floor tile; (*d*) Wall tile; (*e*) Spanish roofing tile; (*f*) Hollow building tile; (*g*) Agricultural tile. 3. What is the average daily production at the Ontario Brick and Tile Plant, Mimico, of: (*a*) Common brick; (*b*) Rug or Tapestry brick.

The Honourable the Provincial Secretary replied as follows:—

1. 169. 2. (*a*) Common brick, $5,797.79; (*b*) Tapestry brick, $2,531.25; (*c-d*) Floor and Wall tile, $10,019.52; (*e*) Spanish roofing tile, $910.58; (*f*) Hollow tile, $25,061.89; (*g*) Agricultural tile, $2,879.56. NOTE.—Inventory if required. 3. (*a*) Common brick, none; (*b*) Tapestry brick, none.

Mr. Frost asked the following Question (No. 44):—

1. Who is the Superintendent of the Ontario Reformatory abattoir at Guelph. 2. When was he appointed and at what salary. 3. What Ontario Hospitals purchase their meat supplies other than from the abattoir at the Guelph Reformatory and why.

The Honourable the Provincial Secretary replied as follows:—

1. Gordon W. Morrison. 2. April 14th, 1937, $2,100.00. 3. Ontario Hospital, Fort William. This hospital raises its own beef, lamb and pork and purchases only cured meats from other than the Guelph abattoir, because of the cost of the shipping the distance from Guelph.

Mr. Macaulay asked the following Question (No. 21):—

1. What hospitals other than those operated by the Provincial Government have placed themselves under The Workmen's Compensation Act for the benefit of their employees.

The Honourable the Minister of Public Welfare replied as follows:

Parry Sound General Hospital, James St. S., Parry Sound, Salvation Army Grace Hospital, 1156 Wellington St., Ottawa, Salvation Army Grace Hospital, Windsor, Salvation Army Grace Hospital, 133 Bloor St. E., Toronto, Salvation Army Home & Hospital, 27 Mountain Ave., Hamilton, Galt General Hospital, St. Andrew St., Galt, North Bay Hospital Commission, North Bay, Charlotte-Eleanor Englehart Hospital, Petrolia, The Home for Incurable Children, 278 Bloor St. E., Toronto, Belleville General Hospital, Belleville, Willett Hospital, Paris, St. Catharines General Hospital, St. Catharines, Brant Sanatorium, Brantford, Niagara Peninsula Sanatorium Association, Box 158, St. Catharines, Public General Hospital, Chatham, Brockville General Hospital, Brockville, General Hospital, 36 Oxford St., Strathroy, The General Hospital of Port Arthur, Port Arthur, The Lady Minto Hospital, Cochrane, The Salvation Army Bethesda Hospital, 54 Riverview Ave., London, Porcupine General Hospital, South Porcupine, Niagara Falls, General Hospital, Jepson St., Niagara Falls, Groves Memorial Hospital, Fergus, Alexandra Marine and General Hospital, Goderich.

Mr. Macaulay asked the following Question (No. 48):—

1. How many cases were prosecuted under The Minimum Wage Act in (*a*) Fiscal year ending March 31st, 1939, (*b*) Present fiscal year to date. 2. How much was collected in fines in each of such periods in such prosecutions. 3. How many convictions were registered in such prosecutions in each of said periods.

The Honourable the Minister of Labour replied as follows:—

1. (*a*) 22, (*b*) 19. 2. (*a*) $195.00, (*b*) $285.00. 3. (*a*) 9, (*b*) 11.

The following Bills were severally introduced and read the first time:—

Bill (No. 65), intituled, "An Act to amend The Provincial Land Tax Act." *Mr. Heenan.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 66), intituled, "An Act to permit the Exportation of Peeled Spruce Pulpwood. *Mr. Heenan.*

Ordered, That the Bill be read the second time to-morrow.

Bill (No. 67), An Act for raising Money on the Credit of the Consolidated Revenue Fund. *Mr. Hepburn* (Elgin).

Ordered, That the Bill be read the second time to-morrow.

The following Bills were severally read the second time:—

Bill (No. 2), An Act respecting the City of Toronto.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 3), An Act respecting the Township of Melancthon.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 7), An Act respecting William C. Wride and Josie Wride.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 27), An Act respecting the City of Sault Ste. Marie.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 37), An Act respecting the County of Lennox and Addington.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 62), The Municipal Amendment Act, 1940.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 63), The Assessment Amendment Act, 1940.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 64), The Statute Law Amendment Act, 1940.

Referred to a Committee of the Whole House to-morrow.

The Order of the Day for resuming the Adjourned Debate on the second reading of Bill (No. 48), An Act to amend The Jurors Act, having been read,

Ordered, That the Order be discharged and the Bill be referred to the Select Committee of the House appointed to inquire into The Administration of Justice.

The Order of the Day for the second reading of Bill (No. 47), An Act to amend The Judicature Act, having been read.

Ordered, That the Order be discharged and the Bill be referred to the Select Committee appointed to inquire into the Administration of Justice.

The Order of the Day for the Motion:—

That the Legislative Assembly of the Province of Ontario in Parliament assembled is of opinion that the grand jury system should be abolished in Ontario, and the said Legislative Assembly hereby requests that the Parliament of Canada pass such legislation as may be necessary to bring about the abolition of the grand jury system in the Province of Ontario, and providing for the presentment of a formal charge in accordance with the procedure which now obtains in the Provinces of Quebec, Manitoba, Alberta, Saskatchewan and British Columbia under the provisions of the Criminal Code, Section 873 (5),

AND this Legislative Assembly also requests that legislation be passed by the Parliament of Canada to provide that where a charge is preferred in any case in which the accused has not been committed for trial by a justice, that the trial shall not proceed without the charge being submitted to a judge of a County or District Court in the same manner and for the same and no other purpose as a bill of indictment might have been preferred before a grand jury before the coming into force of such legislation, provided that such judge shall not take part in the trial, if any.

AND this Legislative Assembly further requests that legislation be passed by the Parliament of Canada providing that in any case where any person has been committed for trial at a preliminary hearing before a justice, the Attorney-General or an agent of the Attorney-General may in his discretion before placing any person on trial on such formal charge submit

such charge to a judge of the County or District Court in the same manner and for the same and no other purpose as a bill of indictment might have been preferred before a grand jury before the coming into force of such legislation, provided that such judge shall not take part in the trial, if any.

having been read,

Ordered, That the Order be discharged and the Motion be referred to the Select Committee appointed to inquire into the Administration of Justice.

The House resolved itself into a Committee, severally to consider the following Bills:—

Bill (No. 28), An Act respecting the Toronto Hospital for Consumptives.

Bill (No. 6), An Act respecting the Township of North York.

Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report one Bill with amendments and one Bill without amendment.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bills reported be severally read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 18), An Act to exempt Officers of His Majesty's Air Force from Jury Duty (title amended to read "An Act to amend The Jurors Act") and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 41), An Act to amend The Income Tax Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 50), An

Act to amend The Ontario Municipal Board Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 54), An Act to amend The Mining Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 52), The Credit Unions Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 45), An Act to amend The Corporations Tax Act, 1939, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The Order of the Day for resuming the Adjourned Debate on the Motion that Mr. Speaker do now leave the Chair, and that the House resolve itself into the Committee of Supply, having been read,

The Debate was resumed,

And after some time it was on the motion of Mr. Drew,

Ordered, That the Debate be adjourned until to-morrow.

On motion by Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That when this House adjourns the present Sitting thereof it do stand adjourned to meet at 2 of the clock to-morrow (Thursday) afternoon.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor:—

Report of the Provincial Auditor, Ontario, 1938-39. (*Sessional Papers No. 27.*)

Also, Annual Report of the Ontario Municipal Board for year ending December 31st, 1939. (*Sessional Papers No. 24.*)

Also, Report of The Ontario Research Foundation for year ending December 31st, 1939. (*Sessional Papers No. 50.*)

Also, Annual Report of the Hydro-Electric Power Commission of Ontario for year ending October 31st, 1939. (*Sessional Papers No. 26.*)

The House then adjourned at 11.45 p.m.

THURSDAY, FEBRUARY 22ND, 1940

PRAYERS. 2 O'CLOCK P.M.

Mr. Campbell (Kent East) presented the Report of the Standing Committee on Printing which was read as follows and adopted:—

The Standing Committee on Printing presents the following as its Report:—

Your Committee recommends that the Supplies Allowance per member for the current Session be fixed at $25.00.

Your Committee recommends the purchase of copies of the Canadian Parliamentary Guide, the Canadian Almanac and the Canada Year Book for distribution to the Members of the Assembly.

Your Committee recommends that Sessional Papers for the current year be printed in the following quantities:—

Public Accounts	2,750
Estimates	1,550
Lands and Forests	1,650
Mines	3,150
Legal Offices	550
Superintendent of Insurance: Abstract	1,050
Detailed	1,150
Registrar of Loan Corporations: Abstract	500
Detailed	750
Public Works	375

Highways	700
Game and Fisheries	850
Labour	950
Education	1,450
University of Toronto	400
Births, Marriages and Deaths	350
Department of Health	1,600
Ontario Hospital for Mentally Subnormal and Epileptics	700
General Hospitals, Hospitals for Incurables, Sanatoria and Red Cross Hospitals	850
Prisons and Reformatories	1,033
Industrial Training Schools	858
Public Welfare	850
Liquor Control Board	1,350
Dept. of Agriculture (Minister)	1,850
Dept. of Agriculture (Statistics)	3,850
Temiskaming and Northern Ontario Railway	500
Ontario Municipal Board	650
Hydro-Electric Power Commission	3,650
Provincial Auditor	400
Workmen's Compensation Board	2,650
Ontario Veterinary College	1,350
Northern Development Act	550
Provincial Police	450
Ontario Research Foundation	1,350
Niagara Parks Commission	650
Fire Marshal	1,250

Mr. Macaulay asked the following Question (No. 22):—

1. Who compose the Industry and Labour Board. 2. What are their salaries and allowances and the dates of their appointments.

The Honourable the Minister of Labour replied as follows:—

1. E. J. Young, Chairman; Miss M. Mangan, Vice-Chairman; J. C. Adams, Solicitor. 2. Mr. Young, $7,500 per year; May 18th, 1937. Miss Managan, $3,000 per year; May 25th, 1937. Mr. Adams, $3,500 per year. June 1st, 1935, Welfare Dept.; June 1st, 1937, Industry and Labour Board. Travelling expenses paid when incurred.

Mr. Macaulay asked the following Question (No. 24):—

1. What issues of Treasury bills were made or renewed in present fiscal year to date. Give date, amount, rate of interest, purchaser and purchase price of each issue. 2. Were tenders called for said issues. 3. If so, give tenders received. 4. If not, why not.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

1.—

Date of Issue	Amount	Rate of Interest	Purchase Price	Purchaser
June 1, 1939	$1,442,000.00	1%	Par	The Dominion Bank.
June 30, 1939	2,000,000.00	1¼% Disc.	98.765432	Messrs. Thompson & McKinnon.
Sept. 1, 1939	2,000,000.00	1½%	Par	The Bank of Nova Scotia.
Sept. 1, 1939	2,000,000.00	1½%	Par	The Royal Bank of Canada.
Sept. 1, 1939	1,000,000.00	1½%	Par	The Dominion Bank.
Sept. 1, 1939	5,000,000.00	1¾%	Par	Bank of Montreal.
Sept. 2, 1939	1,000,000.00	1¾% Disc.	98.765432	Messrs. Thompson & McKinnon.
Sept. 13, 1939	2,000,000.00	1¼%	Par	The Dominion Bank.
Sept. 15, 1939	2,000,000.00	1½%	Par	The Canadian Bank of Commerce.

2. No. 3. Answered by No. 2. 4. Market conditions make negotiation preferable method.

Mr. Macaulay asked the following Question (No. 25):—

1. What issues of debentures were made in the present fiscal year to date. Give date, amount, rate of interest, name of purchaser and purchase price of each issue. 2. Were tenders called for said issues. 3. If so, give tenders received. 4. If not, why not.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

1.—

Date of Issue	Amount	Rate of Interest	Purchase Price	Purchaser
April 15, 1939	$7,500,000.00	2%	99.00	Wood, Gundy & Co., Ltd.; Bell, Gouinlock & Co., Ltd.; Dominion Securities Corp.; Mills, Spence & Co., Ltd.; A. E. Ames & Co., Ltd.; Royal Securities Corp., Ltd.; Royal Bank of Canada; McTaggart, Hannaford, Birks & Gordon; Canadian Bank of Commerce; Midland Securities Corp., Ltd.; Bank of Montreal; Cochran, Murray & Co., Ltd.; Bank of Nova Scotia; Hanson Bros., Inc.; Dominion Bank; Harrison & Co., Ltd.; Imperial Bank; Fry & Co.; Bank of Toronto; McLeod, Young, Weir & Co., Ltd.; Burns Bros. & Denton.
April 15, 1939	7,500,000.00	3%	97.50	do
June 1, 1939	6,000,000.00	1½%	98.85	do
June 1, 1939	10,000,000.00	3%	98.55	do
Nov. 1, 1939	8,614,000.00	3¼%	98.30	do
Dec. 1, 1939	3,000,000.00	2½%	99.40	do
Dec. 1, 1939	9,000,000.00	3½%	98.50	do
Nov. 1, 1939	1,400,000.00	4¾%	100.00	Teachers' and Inspectors' Superannuation Fund (see R.S.O. 1937, Chap. 366).

2. No. 3. Answered by No. 2. 4. Market conditions make negotiation preferable method.

Mr. Macaulay asked the following Question (No. 26):—

What amount of debentures or capital advance was repaid by Agricultural

Development Board to the Treasury of Ontario in each of the fiscal years ending March 31st, 1936, March 31st, 1937, March 31st, 1938, and March 31st, 1939.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

Fiscal year March 31st, 1936—$1,100,000.00, fiscal year March 31st, 1937—$1,700,000.00, fiscal year March 31st, 1938—$1,865,000.00, fiscal year March 31st, 1939—$2,185,000.00.

Mr. Macaulay asked the following Question (No. 27):—

What amount was collected from each race track by the Department of Provincial Treasurer under item "Race Tracks $661,864.77", Public Accounts, 1938-9, page 34.

The Honourable the Prime Minister and Provincial Treasurer replied as follows—

From Running Races—		
Stamford Park	$ 49,294.33	
Hamilton Race Track	84,547.39	
Long Branch Race Track	105,705.78	
Dufferin Park	112,254.18	
Fort Erie Race Track	75,077.32	
Woodbine Park	135,718.18	
Thorncliffe Race Track	97,019.59	
		$659,616.77
From Trotting Races—		
Arthur	$ 10.00	
Athens	10.00	
Beamsville	94.10	
Beeton	10.00	
Brighton	10.00	
Chelmsford	10.00	
Chesterville	10.00	
Collingwood	10.00	
Curran	10.00	
Dufferin Park	120.00	
Exeter	10.00	
Glencoe	82.30	
Goderich	10.00	
Hawkesbury	10.00	
Ingersoll	10.00	
Kincardine	10.00	
Listowel	10.00	
Little Current	10.00	
London	148.50	
Napanee	10.00	
New Hamburg	436.40	
Newington	10.00	
Newmarket	72.40	

Orangeville	$ 30.00	
Ottawa	40.00	
Owen Sound	10.00	
Penetang	10.00	
Roblin	10.00	
Sarnia	157.50	
Seaforth	10.00	
Smith's Falls	10.00	
Stratford	542.20	
Strathroy	224.30	
Sudbury	30.00	
Tillsonburg	20.00	
Walkerton	10.00	
Williamsburg	20.00	
Sundry	.30	
		$ 2,248.00
		$661,864.77

Mr. Macaulay asked the following Question (No. 28):—

Who are the Magistrates for the County of York. Give date of appointment and salary in each case.

The Honourable the Attorney-General replied as follows:—

The following are the particulars of Magistrates presiding at Courts in the County of York:—

Name	Date of Appointment	Salary
William Keith	January, 1929	$3,500 per annum
W. E. McIlveen	August, 1928	3,000 " "
W. F. Woodliffe	May, 1937	2,500 " "

Mr. Frost asked the following Question (No. 40):—

1. What amount has been collected in license fees or otherwise by the Ontario Securities Commission in each of the years 1935, 1936, 1937, 1938 and 1939. 2. What was the name, salary and position of each of those employed by the Ontario Securities Commission during each of the years 1935, 1936, 1937, 1938 and 1939. 3. What was the total expenditure for the Ontario Securities Commission for the year ending March 31st, 1940.

The Honourable the Attorney-General replied as follows:—

1. 1934-5—Nov. 1st, 1934, to March 31st, 1935 (inclusive).....$104,518.97
   1935-6—April 1st, 1935, to March 31st, 1936 (inclusive)..... 116,119.51
   1936-7—April 1st, 1936, to March 31st, 1937 (inclusive)..... 157,302.79
   1937-8—April 1st, 1937, to March 31st, 1938 (inclusive)..... 110,254.82
   1938-9—April 1st, 1938, to March 31st, 1939 (inclusive)..... 114,202.57

2.

ONTARIO SECURITIES COMMISSION

STAFF

Fiscal Year—Nov. 1, 1934, to March 31, 1935

PERMANENT—

Name	Position	No. of Months Employed	Salary
J. M. Godfrey	Commissioner	5	$7,500 per annum
W. A. Brant	Solicitor	5	3,000 per annum
D. F. Jackson	Assistant Solicitor, Group 2	5	1,800 per annum
W. B. Livett	Clerk, Group 1	3½	1,600 per annum
E. Teasdall	Assistant Registrar	5	1,600 per annum
H. Ruickbie	Secretarial Stenographer	5	1,600 per annum
M. Browne	Senior Clerk Stenographer	5	1,300 per annum
E. M. Browne	Clerk Stenographer, Group 1	5	1,125 per annum
J. Thompson	Clerk Stenographer, Group 2	5	825 per annum
T. C. Fleming	Clerk Typist, Group 1	5	1,125 per annum
C. M. Anderson	Clerk Typist, Group 1	5	900 per annum
G. Hager	Filing Clerk, Group 1	5	1,050 per annum
E. D. Strange	Filing Clerk, Group 1	5	900 per annum
A. M. McBain	Clerk, Group 3	5	750 per annum
J. Clare	Office Boy	5	525 per annum

TEMPORARY—

G. F. Beer	Special Investigator	From Nov. 1/34	$10 per diem
		From Jan. 24/35	$143 per month
J. McBride	Special Investigator	From Nov. 1/34	$10 per diem
		From Jan. 24/35	$238.33 per month
D. F. Pidgeon	Special Investigator	From Nov. 1/34	$10 per diem
		From Jan. 24/35	$238.33 per month
S. Thomson	Special Investigator	From Nov. 1/34	$6 per diem
		From Jan. 31/35	$139 per month
M. C. Zimmerman	Special Investigator	From Nov. 1/34	$7 per diem
		From Jan. 24/35	$166.83 per month
W. J. Bentley	Special Investigator	From Dec. 1/34	$10 per diem (when employed)
R. H. Dean	Special Investigator	1 month	$127.50 per month
J. H. Cane	Special Investigator		$6 per diem (when employed)
W. Bredin	Special Investigator	1 month	$6 per diem (when employed)
A. Farwell	Filing Clerk, Group 2	4½ months	$62.50 per month
L. Tough	Clerk Stenog., Gr. 2	4½ months	$68.75 per month
M. A. Murphy	Filing Clerk	1 month	$75.00 per month

ONTARIO SECURITIES COMMISSION

STAFF

Fiscal Year—Nov. 1, 1935, to March 31, 1936

PERMANENT—

Name	Position	No. of Months Employed	Salary
J. M. Godfrey	Commissioner	12	$7,500 per annum
C. M. Anderson	Filing Clerk, Group 1	12	900 per annum
K. J. Baikie	Filing Clerk, Group 2	4½	750 per annum
W. A. Brant	Solicitor	12	3,000 per annum
M. Browne	Senior Clerk Stenographer	12	1,300 per annum
E. M. Browne	Clerk Stenographer, Group 1	12	1,125 per annum
J. Clare	Office Boy	4	525 per annum
A. M. Farwell	Filing Clerk, Group 2	12	750 per annum
T. C. Fleming	Clerk Typist, Group 1	12	1,125 per annum
G. Hager	Filing Clerk, Group 1	12	1,050 per annum
D. F. Jackson	Assistant Solicitor	12	1,800 per annum
A. M. McBain	Clerk, Group 3	12	750 per annum
H. Ruickbie	Secretarial Stenographer	12	1,600 per annum
R. D. Strange	Filing Clerk, Group 2	6½	900 per annum
E. Teasdall	Assistant Registrar	12	1,600 per annum
J. Thompson	Clerk Stenographer, Group 2	12	825 per annum
A. L. Tough	Clerk Stenographer, Group 2	12	825 per annum

TEMPORARY—

Name	Position	No. of Months Employed	Salary
P. Evans	Office Boy	2	$43.75 per month
W. R. Evans	Clerk-messenger	7	62.50 per month
W. B. Livett (superannuate—retained)		12	66.66 per month
G. F. Beer	Special Investigator	6	143.00 per month
		6	156.00 per month
J. McBride	Special Investigator	6	238.33 per month
		6	260.00 per month
D. F. Pidgeon	Special Investigator	6	238.33 per month
		6	260.00 per month
S. Thomson	Special Investigator	6	139.00 per month
		6	156.00 per month
M. C. Zimmerman	Special Investigator	6	166.83 per month
		6	182.00 per month
E. H. Clark	Special Investigator	6	$10 per diem
		6	260.00 per month
W. Bredin	Special Investigator	6	$6 per diem
		6	156.00 per month
J. H. Cane, C. D. E. Thomas	Special Investigators	$6 per diem when employed	
B. H. Geary	Special Investigator	$5 per diem when employed	
W. J. Bentley	Special Investigator	$10 per diem when employed	

ONTARIO SECURITIES COMMISSION

STAFF

Fiscal Year—Nov. 1, 1936, to March 31, 1937

PERMANENT—

Name	Position	No. of Months Employed	Salary
J. M. Godfrey	Commissioner	12	$7,500 per annum
C. M. Anderson	Filing Clerk, Group 1	12	900 per annum
E. H. Anundson	Investigator	1	2,000 per annum
K. J. Baikie	Filing Clerk, Group 2	12	750 per annum
G. F. Beer	Investigator	2	156 per month
		10	2,000 per annum
W. A. Brant	Registrar	2	3,000 per annum
		10	3,300 per annum
W. Bredin	Solicitor	2	156 per month
		10	2,000 per annum
E. M. Browne	Clerk Stenographer, Group 1	12	1,125 per annum
M. Browne	Senior Clerk Stenographer	12	1,300 per annum
A. J. Cameron	Accountant, Group 4	7	1,600 per annum
W. R. Evans	Clerk-messenger	2	62.50 per month
		10	900 per annum
A. M. Farwell	Filing Clerk, Group 2	12	750 per annum
T. C. Fleming	Clerk Typist, Group 1	12	1,125 per annum
G. Hager	Filing Clerk, Group 1	12	1,050 per annum
D. F. Jackson	Solicitor	2	1,800 per annum
		5	2,000 per annum
A. M. McBain	Clerk, Group 2	2	750 per annum
		10	900 per annum
H. Ruickbie	Secretarial Stenographer	12	1,600 per annum
H. Snelgrove	Clerk Stenographer, Group 2	2	900 per annum
E. Teasdall	Assistant Registrar	10	1,600 per annum
J. C. Thompson	Clerk Stenographer, Group 2	2	825 per annum
		10	900 per annum
S. M. Thomson	Investigator	2	156 per month
		10	2,000 per annum
A. L. Tough	Clerk Stenographer, Group 2	12	825 per annum

TEMPORARY—

E. H. Clark	Investigator	12	260 per month
J. A. Mahon	Investigator	5	166.66 per month
J. McBride,	Investigator	12	260 per month
D. F. Pidgeon	Investigator	11	260 per month
A. W. Verity	Investigator	7	166.66 per month
M. C. Zimmerman	Investigator	2	182 per month
W. B. Livett (superannuate—retained)		4	66.66 per month
E. Violet	Examiner	½	100 per month

ONTARIO SECURITIES COMMISSION

STAFF

Fiscal Year—Nov. 1, 1937, to March 31, 1938

PERMANENT—

Name	Position	No. of Months Employed	Salary
J. M. Godfrey	Commissioner	11	$8,500 per annum
R. B. Whitehead	Commissioner	1½	8,000 per annum
C. M. Anderson	Filing Clerk, Group 1	1	900 per annum
		11	1,050 per annum
H. Anundson	Investigator	12	2,000 per annum
K. Baikie	Filing Clerk, Group 2	1	750 per annum
		4	825 per annum
G. F. Beer	Investigator	1	2,000 per annum
		11	2,200 per annum
W. A. Brant	Registrar	1	3,300 per annum
		11	4,000 per annum
W. Bredin	Investigator	1	2,000 per annum
		11	2,200 per annum
E. M. Browne	Clerk Stenographer, Group 1	1	1,125 per annum
		11	1,300 per annum
M. Browne	Senior Clerk Stenographer	12	1,300 per annum
A. J. Cameron	Accountant, Group 4	12	1,600 per annum
E. H. Clark	Chief Audit Clerk	1	260 per month
		11	3,200 per annum
W. R. Evans	Clerk-messenger	1	900 per annum
A. Farwell	Filing Clerk, Group 1	1	750 per annum
		11	1,050 per annum
T. C. Fleming	Clerk Typist, Group 1	1	1,125 per annum
		11	1,200 per annum
G. Hager	Filing Clerk, Group 1	1	1,050 per annum
		11	1,200 per annum
J. A. Mahon	Investigator	1	166.66 per month
		11	2,200 per annum
C. Marcotte	Filing Clerk, Group 2	5	825 per annum
A. McBain	Clerk, Group 2	1	900 per annum
		11	975 per annum
J. McBride	Investigator	1	260 per month
		11	3,200 per annum
R. L. Pavey	Clerk Stenographer, Group 2	7½	750 per annum
H. Ruickbie	Secretary	1	1,600 per annum
		11	2,000 per annum
H. Snelgrove	Clerk Stenographer, Group 2	12	900 per annum
J. Thompson	Clerk Stenographer, Group 1	1	900 per annum
		11	975 per annum
S. M. Thomson	Investigator	1	2,000 per annum
		11	2,200 per annum
L. Tough	Clerk Stenographer, Group 1	1	825 per annum
		11	975 per annum
A. Verity	Investigator	1	166.66 per month
		11	2,200 per annum
E. Violet	Filing Clerk, Group 1	12	1,200 per annum
J. Vogan	Clerk-messenger, Group 2	11	900 per annum
L. M. Patchett	Filing Clerk, Group 2 (Tem.)	7½	68.75 per month

ONTARIO SECURITIES COMMISSION

STAFF

Fiscal Year—Nov. 1, 1938, to March 31, 1939

PERMANENT—

Name	Position	No. of Months Employed	Salary
R. B. Whitehead	Commissioner	12	$8,000 per annum
W. A. Brant	Registrar	12	4,000 per annum
C. M. Anderson	Filing Clerk, Group 1	12	1,050 per annum
E. H. Anundson	Investigator	12	2,000 per annum
G. F. Beer	Investigator	12	2,200 per annum
W. Bredin	Investigator	1	2,200 per annum

Name	Position	No. of Months Employed	Salary
E. M. Browne	Clerk Stenographer, Group 1	12	$1,300 per annum
M. Browne	Senior Clerk Stenographer	12	1,300 per annum
A. J. Cameron	Accountant, Group 4	12	1,600 per annum
M. E. Cameron	Clerk Stenographer, Group 2	4	900 per annum
W. K. C. Campbell	Audit Accountant	6½	3,600 per annum
E. H. Clark	Chief Audit Clerk	12	3,200 per annum
A. Farwell	Filing Clerk, Group 1	12	1,050 per annum
T. C. Fleming	Clerk Typist, Group 1	12	1,200 per annum
G. Hager	Filing Clerk, Group 1	12	1,200 per annum
J. A. Mahon	Investigator	12	2,200 per annum
C. Marcotte	Filing Clerk, Group 2	12	825 per annum
A. McBain	Clerk, Group 2	12	975 per annum
J. McBride	Investigator	12	3,200 per annum
L. Patchett	Filing Clerk, Group 2	12	825 per annum
R. L. Pavey	Clerk Stenographer, Group 2	12	750 per annum
H. Ruickbie	Secretary	12	2,000 per annum
H. Snelgrove	Clerk Stenographer, Group 2	12	900 per annum
J. Thompson	Clerk Stenographer, Group 1	12	975 per annum
S. M. Thomson	Investigator	12	2,200 per annum
L. Tough	Clerk Stenographer, Group 1	1½	975 per annum
A. Verity	Investigator	12	2,200 per annum
E. Violet	Filing Clerk, Group 1	12	1,200 per annum
J. Vogan	Clerk-messenger, Group 2	12	900 per annum
TEMPORARY—			
A. E. Archer	Clerk Stenographer, Group 2	2	68.75 per month

3. April 1st, 1939, to January 31st, 1940 (actual) $61,217.08
Month of February, 1940 (estimated) 6,288.00
Month of March, 1940 (estimated) 6,248.00
$73,753.08

Mr. Arnott asked the following Question (No. 47):—

1. For what period was Earl Hutchinson a member of the Workmen's Compensation Board and at what salary. 2. Did he resign voluntarily, was he requested to resign, or was he dismissed. 3. If he was requested to resign, or if he was dismissed, why. 4. If he has applied for, or been appointed to, any other position in the public service of Ontario, give particulars.

The Honourable the Minister of Labour replied as follows:—

1. October 30th, 1934, to October 31st, 1939, $6,500 per annum. 2. (*a*) No, (*b*) Yes, (*c*) Yes. 3. Lack of co-operation with other members of the Board and staff. 4. No application received.

The following Bills were read the third time and were passed:—

Bill (No. 28), An Act respecting the Toronto Hospital for Consumptives.

Bill (No. 6), An Act respecting the Township of North York.

Bill (No. 18), An Act to amend The Jurors Act.

Bill (No. 41), An Act to amend The Income Tax Act.

Bill (No. 50), An Act to amend The Ontario Municipal Board Act.

Bill (No. 54), An Act to amend The Mining Act.

Bill (No. 52), The Credit Unions Act, 1940.

Bill (No. 45), An Act to amend The Corporations Tax Act, 1939.

The House resolved itself into a Committee, severally to consider the following Bills:—

Bill (No. 2), An Act respecting the City of Toronto.

Bill (No. 3), An Act respecting the Township of Melancthon.

Bill (No. 7), An Act respecting William C. Wride and Josie Wride.

Bill (No. 27), An Act respecting the City of Sault Ste. Marie.

Bill (No. 37), An Act respecting the County of Lennox and Addington.

Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the several Bills without any amendments.

Ordered, That the Bills reported be severally read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 55), An Act to amend The Unwrought Metal Sales Act, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 62), The Municipal Amendment Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 63), The Assessment Amendment Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The House resolved itself into a Committee to consider Bill (No. 64), The Statute Law Amendment Act, 1940, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-morrow.

The following Bills were severally read the second time:—

Bill (No. 66), An Act to permit the Exportation of Peeled Spruce Pulpwood.

Referred to a Committee of the Whole House to-morrow.

Bill (No. 65), An Act to amend The Provincial Land Tax Act.

Referred to a Committee of the Whole House to-morrow.

The Order of the Day for resuming the Adjourned Debate on the Motion that Mr. Speaker do now leave the Chair, and that the House resolve itself into the Committee of Supply, having been read,

The Debate was resumed,

And after some time, the Motion having been put, was carried on the following Division:—

YEAS

Anderson
Baker
Ballantyne
Bégin
Bélanger
Bethune
Blakelock
Bradley
Brownridge
Campbell (Kent, East)
Carr
Cholette
Conant
Cooper
Cox
Croome
Cross
Dewan
Dickson
Elliott
Fairbank
Fletcher
Freeborn
Gardhouse
Glass
Gordon
Guthrie
Habel
Hagey
Haines
Heenan
Hepburn (Elgin)
Hipel
Houck
Hunter
Kelly
King
Kirby
Lamport
Leduc
Macfie
MacGillivray
MacKay
Mercer
Miller
Murray
McEwing
McQuesten
Newland
Nixon (Brant)
Nixon (Temiskaming)
Oliver
Patterson
Simpson
Sinclair
Strachan
Trottier—57.

NAYS

Acres
Arnott
Baird
Black
Doucett
Downer
Drew
Duckworth
Elgie
Frost
Henry
Hepburn (Prince Edward-Lennox)
Kennedy
Kidd
Macau'ay
Murphy
Reynolds
Spence
Stewart
Summerville
Welsh—21.

And the House, according to Order, resolved itself into the Committee of Supply.

(*In the Committee.*)

Resolved, That there be granted to His Majesty, for the services of the year ending March 31st, 1941, the following sums:—

67.	To defray the expenses of the Main Office, Department of Health	$ 248,800.00
68.	To defray the expenses of the Maternal and Child Hygiene and Public Health Nurses Branch	36,850.00
69.	To defray the expenses of the Dental Service Branch	14,530.00
70.	To defray the expenses of the Inspection of Training Schools for Nurses Branch	17,750.00
71.	To defray the expenses of the Epidemiology Branch	209,100.00

72.	To defray the expenses of the Venereal Diseases Branch	$ 124,050.00
73.	To defray the expenses of the Tuberculosis Prevention Branch	173,950.00
74.	To defray the expenses of the Industrial Hygiene Branch	68,330.00
75.	To defray the expenses of the Sanitary Engineering Branch	49,050.00
76.	To defray the expenses of the Laboratory Branch	130,100.00
77.	To defray the expenses of the Laboratory Division's Branch	72,750.00
78.	To defray the expenses of the Hospitals, General Office—Grants, etc., General Expenses—Ontario Hospitals	4,008,100.00
79.	To defray the expenses of the Ontario Hospital, Brockville	397,850.00
80.	To defray the expenses of the Ontario Hospital, Cobourg	162,350.00
81.	To defray the expenses of the Ontario Hospital, Fort William	65,900.00
82.	To defray the expenses of the Ontario Hospital, Hamilton	513,800.00
83.	To defray the expenses of the Ontario Hospital, Kingston	440,000.00
84.	To defray the expenses of the Ontaro Hospital, Langstaff	140,900.00
85.	To defray the expenses of the Ontario Hospital, London	596,400.00
86.	To defray the expenses of the Ontario Hospital, New Toronto	523,800.00
87.	To defray the expenses of the Ontario Hospital, Concord Unit, New Toronto	38,400.00
88.	To defray the expenses of the Ontario Hospital, Orillia	528,400.00
89.	To defray the expenses of the Ontario Hospital, Penetanguishene	242,770.00
90.	To defray the expenses of the Ontario Hospital, Toronto	431,350.00
91.	To defray the expenses of the Ontario Hospital, Whitby	678,300.00
92.	To defray the expenses of the Ontario Hospital, Woodstock	520,200.00
93.	To defray the expenses of the Toronto Psychiatric Hospital	125,370.00
94.	To defray the expenses of the Ontario Hospital, Brampton	6,900.00
1.	To defray the expenses of the Main Office, Department of Agriculture	153,675.00
2.	To defray the expenses of the Statistics and Publications Branch	11,880.00
3.	To defray the expenses of the Agricultural and Horticultural Societies Branch	115,595.00
4.	To defray the expenses of the Live Stock Branch	67,975.00
5.	To defray the expenses of the Institutes Branch	70,110.00
6.	To defray the expenses of the Dairy Branch	128,280.00
7.	To defray the expenses of the Milk Control Board	49,925.00
8.	To defray the expenses of the Fruit Branch	94,150.00
9.	To defray the expenses of the Agricultural Representatives Branch	330,000.00
10.	To defray the expenses of the Crops, Seeds and Weeds Branch	37,325.00
11.	To defray the expenses of the Co-Operation and Markets Branch	30,000.00
12.	To defray the expenses of the Kemptville Agricultural School	95,750.00
13.	To defray the expenses of the Ontario Veterinary College	74,000.00
14.	To defray the expenses of the Western Ontario Experimental Farm	28,400.00
15.	To defray the expenses of the Demonstration Farm, New Liskeard	13,020.00
16.	To defray the expenses of the Demonstration Farm, Hearst	5,500.00
17.	To defray the expenses of the Northern Ontario Branch	25,300.00
18.	To defray the expenses of the Ontario Agricultural College	790,000.00

19.	To defray the expenses of the Co-operation and Markets Branch	$ 25,000.00
34.	To defray the expenses of the Main Office, Department of Education	71,300.00
35.	To defray the expenses of the Legislative Library	16,750.00
36.	To defray the expenses of the Public Records and Archives	5,200.00
37.	To defray the expenses of the Public and Separate School Education Branch	4,608,000.00
38.	To defray the expenses of the Inspection of Schools Branch	542,645.00
39.	To defray the expenses of the Departmental Examinations Branch	222,100.00
40.	To defray the expenses of the Text-Books Branch	67,500.00
41.	To defray the expenses of the Training Schools Branch	112,300.00
42.	To defray the expenses of the Toronto Normal and Model Schools	127,050.00
43.	To defray the expenses of the Ottawa Normal School	63,950.00
44.	To defray the expenses of the London Normal School	44.000.00
45.	To defray the expenses of the Hamilton Normal School	43,650.00
46.	To defray the expenses of the Peterborough Normal School	38,955.00
47.	To defray the expenses of the Stratford Normal School	35,700.00
48.	To defray the expenses of the North Bay Normal School	37,700.00
49.	To defray the expenses of the University of Ottawa Normal School	86,925.00
50.	To defray the expenses of the High Schools and Collegiate Institutes Branch	802,500.00
51.	To defray the expenses of the Public Libraries Branch	113,950.00
52.	To defray the expenses of the Vocational Education Branch	1,525,150.00
53.	To defray the expenses of the Ontario Training School for Technical Teachers	29,050.00
54.	To defray the expenses of the Superannuated Teachers	9,800.00
55.	To defray the expenses of the Provincial and other Universities	1,761,000.00
56.	To defray the expenses of the Ontario School for the Deaf, Belleville	159,725.00
57.	To defray the expenses of the Ontario School for the Blind, Brantford	94,100.00
20.	To defray the expenses of the Main Office, Department of Attorney-General	74,675.00
21.	To defray the expenses of the Supreme Court	82,125.00
22.	To defray the expenses of the Shorthand Reporters	33,050.00
23.	To defray the expenses of the Toronto and York Crown Attorney's Office	27,550.00
24.	To defray the expenses of the Land Titles Office	27,950.00
25.	To defray the expenses of the Drainage Referees	2,500.00
26.	To defray the expenses of the Criminal Justice Accounts	1,065,600.00
27.	To defray the expenses of the Public Trustee's Office	65,150.00
28.	To defray the expenses of the Official Guardian's Office	32,950.00
29.	To defray the expenses of the Accountant's Office, Supreme Court of Ontario	23,550.00
30.	To defray the expenses of the Fire Marshal's Office	56,575.00
31.	To defray the expenses of the Inspector of Legal Offices	77,740.00

32.	To defray the expenses of the Law Enforcement Branch (Provincial Police)	$1,414,225.00
33.	To defray the expenses of the Ontario Securities Commission	63,870.00
101.	To defray the expenses of the Main Office, Department of Insurance	61,000.00
129.	To defray the expenses of the Main Office, Department of Mines	287,925.00
130.	To defray the expenses of the Gas and Oil Well Inspectors Branch	9,200.00
131.	To defray the expenses of the Sulphur Fumes Arbitrator	5,000.00
132.	To defray the expenses of the Temiskaming Testing Laboratories	17,000.00
133.	To defray the expenses of the Offices of Mining Recorders	42,500.00
134.	To defray the expenses of the Main Office, Department of Municipal Affairs	77,910.00
135.	To defray the expenses of the Ontario Municipal Board	30,460.00
159.	To defray the expenses of the Main Office: Grants—Refuges, Orphanages, etc., Department of Public Welfare	218,705.00
160.	To defray the expenses of the Children's Aid Branch	161,105.00
161.	To defray the expenses of the Mothers' Allowances Commission	5,271,420.00
162.	To defray the expenses of the Old Age Pensions' Commission	3,475,165.00
163.	To defray the expenses of the Branches—Old Age Pensions Commission	10,050,000.00
95.	To defray the expenses of the Main Office, Department of Highways	401,800.00
96.	To defray the expenses of the Division Offices, Department of Highways	418,000.00
97.	To defray the expenses of the Municipal Roads Branch	75,000.00
98.	To defray the expenses of the Gasoline Tax Branch	50,000.00
99.	To defray the expenses of the Miscellaneous Permits Branch	20,000.00
100.	To defray the expenses of the Motor Vehicles Branch	165,000.00
102.	To defray the expenses of the Main Office, Department of Labour	64,610.00
103.	To defray the expenses of the Industry and Labour Board	14,355.00
104.	To defray the expenses of the Apprenticeship Branch	26,105.00
105.	To defray the expenses of the Boiler Inspection Branch	25,300.00
106.	To defray the expenses of the Factory Inspection Branch	9,770.00
107.	To defray the expenses of the Board of Examiners of Operating Engineers	26,980.00
108.	To defray the expenses of the Employment Offices	180,500.00
109.	To defray the expenses of the Minimum Wage Board	37,775.00
110.	To defray the expenses of the Composite Inspection Division	106,605.00
111.	To defray the expenses of the Ontario Government Employment Offices	55,000.00
58.	To defray the expenses of the Main Office, Department of Game and Fisheries	71,100.00
59.	To defray the expenses of the Districts, Department of Game and Fisheries	232,500.00
60.	To defray the expenses of the Game, Animals and Birds, Department of Game and Fisheries	25,000.00
61.	To defray the expenses of the Experimental Fur Farm, Department of Game and Fisheries	100.00

62.	To defray the expenses of the Macdiarmid	$ 3,000.00
63.	To defray the expenses of the Biological and Fish Culture Branch	244,900.00
64.	To defray the expenses of the Grants, Department of Game and Fisheries	6,400.00
65.	To defray the expenses of the Wolf Bounty, Department of Game and Fisheries	27,000.00
66.	To defray the expenses of the Main Office, Department of Game and Fisheries	15,000.00
128.	To defray the expenses of the Office of Lieutenant-Governor	10,000.00
143.	To defray the expenses of the Main Office, Department of Provincial Secretary	54,430.00
144.	To defray the expenses of the Registrar-General's Branch	56,570.00
145.	To defray the expenses of the Main Office, Reformatories and Prisons Branch	159,000.00
146.	To defray the expenses of the Board of Parole	17,000.00
147.	To defray the expenses of the Ontario Reformatory, Guelph	758,000.00
148.	To defray the expenses of the Ontario Reformatory, Mimico	109,000.00
149.	To defray the expenses of the Mercer Reformatory, Toronto	147,000.00
150.	To defray the expenses of the Industrial Farm, Burwash	522,000.00
151.	To defray the expenses of the Ontario Training School for Boys, Bowmanville	157,000.00
152.	To defray the expenses of the Ontario Training School for Girls, Galt	81,000.00
142.	To defray the expenses of the Provincial Auditor	112,200.00
136.	To defray the expenses of the Main Office, Department of Prime Minister	20,175.00
137.	To defray the expenses of the Office of Executive Council	10,950.00
138.	To defray the expenses of the Travel and Publicity Bureau	60,000.00
139.	To defray the expenses of the Office of Civil Service Commissioner	11,460.00
140.	To defray the expenses of the Office of King's Printer	36,775.00
141.	To defray the expenses of the Office of Controller of Finance	11,910.00
153.	To defray the expenses of the Main Office, Department of Provincial Treasurer	89,940.00
154.	To defray the expenses of the Office of Budget Committee	9,520.00
155.	To defray the expenses of the Motion Picture Censorship and Theatre Inspection Branch	45,525.00
156.	To defray the expenses of the Controller of Revenue Branch	464,510.00
157.	To defray the expenses of the Post Office	147,115.00
158.	To defray the expenses of the Main Office, Department of Provincial Treasurer	800,000.00
182.	To defray the expenses of the Miscellaneous	104,400.00
164.	To defray the expenses of the Main Office, Department of Public Works	108,100.00
165.	To defray the expenses of the General Superintendence, Department of Public Works	21,500.00
166.	To defray the expenses of the Lieutenant-Governor's Apartment	4,600.00
167.	To defray the expenses of the Legislative and Departmental Buildings	400,500.00
168.	To defray the expenses of the Osgoode Hall	34,750.00

169.	To defray the expenses of the Educational Buildings	$ 14,600.00
170.	To defray the expenses of the Agricultural Buildings	15,500.00
171.	To defray the expenses of the Training Schools	1,500.00
172.	To defray the expenses of the District Buildings	16,320.00
173.	To defray the expenses of the Ontario Hospitals	54,130.00
174.	To defray the expenses of the Public Works	15,000.00
175.	To defray the expenses of the Ontario Government Office Building, Kingston	3,500.00
176.	To defray the expenses of the Agricultural Buildings	30,000.00
177.	To defray the expenses of the Ontario Hospitals	15,000.00
178.	To defray the expenses of the Reformatories	1,500.00
179.	To defray the expenses of the District Buildings	1,000.00
180.	To defray the expenses of the Fish Hatcheries	18,000.00
181.	To defray the expenses of the Public Works	460,000.00
125.	To defray the expenses of the Office of the Speaker	255,525.00
126.	To defray the expenses of the Office of Law Clerk	12,675.00
127.	To defray the expenses of the Office of Crown in Chancery	4,800.00
112.	To defray the expenses of the Main Office, Department of Lands and Forests	182,200.00
113.	To defray the expenses of the Agents, Department of Lands and Forests	28,100.00
114.	To defray the expenses of the Rondeau Provincial Park	16,375.00
115.	To defray the expenses of the Ipperwash Beach Provincial Park	5,000.00
116.	To defray the expenses of the Forests Branch	87,000.00
117.	To defray the expenses of the Forests Service	1,604,425.00
118.	To defray the expenses of the Air Service, Department of Lands and Forests	289,500.00
119.	To defray the expenses of the Radio Service, Department of Lands and Forests	50,000.00
120.	To defray the expenses of the Woodmen's Employment Act	8,500.00
121.	To defray the expenses of the Clearing Townsites and Removal of Fire Hazards	15,000.00
122.	To defray the expenses of the Insect Control and Tree Diseases, Department of Lands and Forests	17,900.00
123.	To defray the expenses of the Main Office, Surveys, etc., Department of Lands and Forests	58,000.00
124.	To defray the expenses of the Forests Service	328,600.00

Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had come to several Resolutions.

Ordered, That the Report be received to-morrow.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That this House do forthwith resolve itself into a Committee to consider a certain proposed Resolution respecting the raising of Money on the Credit of the Consolidated Revenue Fund.

Mr. Hepburn (Elgin) acquainted the House that His Honour the Lieutenant-Governor having been informed of the subject matter of the proposed Resolution, recommends it to the consideration of the House.

The House then resolved itself into the Committee.

(*In the Committee.*)

Resolved,

1. That the Lieutenant-Governor in Council be authorized to raise from time to time by way of loan such sum or sums of money as may be deemed expedient for any or all of the following purposes, that is to say: For the public service, for works carried on by commissioners on behalf of Ontario, for the covering of any debt of Ontario on open account, for paying any floating indebtedness of Ontario, and for the carrying on of the public works authorized by the Legislature, Provided that the principal amount of any securities issued and the amount of any temporary loans raised under the authority of this Act, including any securities issued for the retirement of the said securities or temporary loans, at any time outstanding, shall not exceed in the whole Twenty Million Dollars ($20,000,000).

2. That the aforesaid sum of money may be borrowed for any term or terms not exceeding forty years, at such rate as may be fixed by the Lieutenant-Governor in Council and shall be raised upon the credit of the Consolidated Revenue Fund of Ontario, and shall be chargeable thereupon.

3. That the Lieutenant-Governor in Council may provide for a special sinking fund with respect to the issue herein authorized, and such sinking fund may be at a greater rate than the one-half of one per centum per annum specified in subsection 3 of section 3 of *The Provincial Loans Act.*

Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had come to a certain Resolution.

Ordered, That the Report be now received.

Resolved,

1. That the Lieutenant-Governor in Council be authorized to raise from time to time by way of loan such sum or sums of money as may be deemed expedient for any or all of the following purposes, that is to say: For the public service, for works carried on by commissioners on behalf of Ontario, for the covering of any debt of Ontario on open account, for paying any floating indebtedness of Ontario, and for the carrying on of the public works authorized by the Legislature, Provided that the principal amount of any securities issued and the amount of any temporary loans raised under the authority of this Act, including any securities issued for the retirement of the said securities or temporary loans, at any time outstanding, shall not exceed in the whole Twenty Million Dollars ($20,000,000).

2. That the aforesaid sum of money may be borrowed for any term or terms

not exceeding forty years, at such rate as may be fixed by the Lieutenant-Governor in Council and shall be raised upon the credit of the Consolidated Revenue Fund of Ontario, and shall be chargeable thereupon.

3. That the Lieutenant-Governor in Council may provide for a special sinking fund with respect to the issue herein authorized, and such sinking fund may be at a greater rate than the one-half of one per centum per annum specified in subsection 3 of section 3 of *The Provincial Loans Act.*

The Resolution having been read the second time, was agreed to, and referred to the House on Bill (No. 67).

The following Bill was read the second time:—

Bill (No. 67), An Act for raising Money on the Credit of the Consolidated Revenue Fund.

Referred to a Committee of the Whole House to-morrow.

The House then adjourned at 10.20 p.m.

FRIDAY, FEBRUARY 23RD, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Miller, from the Standing Committee on Fish and Game, presented their Report which was read as follows and adopted:—

Your Committee held one meeting at which the hatchery programme of the Department was fully discussed. The Hon. Mr. Nixon outlined the activities of his Department and advised the Committee that hatcheries were now being constructed at the rate of one per year by the Department. Previously the construction programme had been taken care of by the Department of Public Works. Hatcheries and Bass ponds had been constructed at Sandfield, Temiskaming, Muskoka and in Peterborough County.

The Deputy Minister outlined the progress made in raising Maskinonge and also dealt with the matter of commercial spearing, the beaver situation, and wolf bounties.

Mr. Miller discussed the depredations of wolves in the North and suggested that the Department should devote some study to the problem.

Mr. Mackay, Biologist, gave an exhaustive report on the work of the Fish Culture Branch, explaining that the Province had planted more bass and speckled trout in 1939 than ever before.

Mr. Frost asked the following Question (No. 31):—

What was the amount received by the Province from the tax on net revenue of incorporated companies under The Corporations Tax Act, (*a*) For year ending

March 31st, 1936, (*b*) For year ending March 31st, 1937, (*c*) For year ending March 31st, 1938, (*d*) For year ending March 31st, 1939.

The Honourable the Prime Minister and Provincial Treasurer replied as follows:—

(*a*) $1,178,914.72, (*b*) $2,415,235.00, (*c*) $1,996,059.64, (*d*) $2,285,691.88.

Mr. Welsh asked the following Question (No. 33):—

1. What lands have been purchased by the Ontario Government in connection with the Ontario Hospital at Brampton, from whom, when and at what price for each parcel. 2. By whom were valuations fixed on behalf of the government. 3. What buildings have been constructed at the Ontario Hospital at Brampton. 4. In connection with the Ontario Hospital at Brampton, what buildings have been constructed. 5. What contracts were let in connection with the construction of the Ontario Hospital at Brampton for clearing, excavation, construction of buildings, furnishing and all other items. 6. When will the Ontario Hospital at Brampton be ready for the reception of patients. 7. What staff is employed at the Ontario Hospital, Brampton, giving names, salaries and date of appointment in each case.

The Honourable the Minister of Health replied as follows:

1. (*a*) East half of Lots 3, 4, 5, 2nd Concession west of Hurontario Street, Chinquacousy Township, County of Peel, approximately 300 acres, (*b*) Robert Sterritt, (*c*) August 20th, 1937, (*d*) $50,000.00. 2. Submitted to Property Department and approved. 3. Administration Building. 4. Answered by No. 3. 5. The Goldie Construction Co., Ltd., General Trades, Administration Bldg., George C. Abbott, Ltd., Heating, Administration Bldg., G. R. Muckart, Plumbing, Administration Bldg., Moss Electrical Co., Electric Work, Administration Bldg., Mohan Construction Co., Ltd., Trunk sewers and drains within grounds. 6. Not yet known. 7. One farm hand, Alex. Cranley, $975 per annum, February 1st, 1940.

Mr. Frost asked the following Question (No. 41):—

1. Has the Toronto Gaol Farm for men located near Langstaff been taken over by the Province. 2. If so, for what purpose has the property been taken over by the Province. 3. What are the terms on which the property has been taken over. 4. For what purpose does the Province propose using the property. 5. What officials and what Ministers recommended taking over the Men's Gaol Farm from the City of Toronto. 5. What was the average inmate population of the Men's Gaol Farm during the calendar year 1939. 7. What disposition is now made of prisoners who ordinarily would have been sent from the Toronto gaol to the Men's Gaol Farm.

The Honourable the Provincial Secretary replied as follows:—

1. Yes. 2. Accommodation of mental patients. 3. Leased from the City of Toronto for the sum of $1.00 to run concurrently with the occupation of the Ontario Hospital, St. Thomas, by the Department of National Defence. The

Province to maintain the buildings and reimburse the City for taxes payable to the Township of Markham and fire insurance premiums, which amounts are recoverable from the Dominion Government. 4. Answered by No. 2. 5. Minister of Health, Minister of Public Works and Provincial Secretary and officials of their departments. 6. 307. 7. Up to 30 days. Remain in Toronto Gaol. Venereal Cases and Drug Addicts, if 3 months or over, go to Burwash. If under 3 months, they remain in Toronto Gaol. Others transferred to Ontario Reformatory, Mimico.

Mr. Frost asked the following Question (No. 42):—

1. How many inmates were there on December 31st, 1939, at: (*a*) the Ontario Reformatory, Guelph, (*b*) the Industrial Farm, Burwash, (*c*) the Ontario Brick and Tile Plant, Mimico. 2. On December 31st, 1939, how many sentenced persons were employed in road camps or otherwise outside gaols, reformatories and industrial farms. 3. Where have road or construction camps for the incarceration of sentenced persons been established within the Province. 4. What was the cost of establishing each of the road or construction camps for the incarceration of sentenced persons. 5. Who is the Superintendent of each of the road or construction camps established for the incarceration of sentenced persons. 6. What is the number of staff employed in each of the road or construction camps established for the incarceration of sentenced persons.

The Honourable the Provincial Secretary replied as follows:—

1. (*a*) Ontario Reformatory, Guelph, 814, (*b*) Industrial Farm, Burwash, 672, (*c*) Ontario Reformatory, Mimico, 169. 2. December 31st, 1939—11, January 5th, 1940—100. 3. A road has been built from Seagram to Lukinto Lake at which latter place a camp has been established. This is on the route between Long Lac and Hearst.

		Grand Total
4. Base Camp at Lukinto Lake.		
Department of Provincial Secretary—		
Furniture and Furnishings	$ 5,596.32	
Plumbing	1,100.89	
Electrical	103.40	
Telephone Line and Fixtures	1,097.24	
Recreation	197.10	
Office	352.99	
Total	$ 8,447.94	
Department of Highways—		
Road Cost	$ 6,100.00	
Camp Cost	22,870.00	
Total	$28,970.00	
		$37,417.94

5. H. W. Powell, Superintendent, Industrial Farm, Burwash. Sergeant W. J. Catton, in charge at Road Camp. 6. 1 Sergeant, 1 Clerk, 1 Doctor and 15 Officers.

Mr. Arnott asked the following Question (No. 46):—

Since July 11th, 1934, what amounts have been paid by the Government to W. L. Somerville of Hamilton, and with respect to what services, giving particulars in each case.

The Honourable the Prime Minister replied as follows:—

1. Preparation of working drawings from sketch plans prepared by Department of Public Works for erection of buildings, Ontario Hospital, St. Thomas	$126,894.67
Architectural services, restoration of Fort Henry, Kingston, Ontario	36,044.18
50% of this amount paid by Ontario Government. 50% of this amount paid by Dominion Government.	
Architectural services, restoration of Brant House, Burlington, Ontario	500.00
Preparation of plans and supervision of ornamentation of Henley Bridge, St. Catharines, Ontario	2,199.23
A portion of this amount is being paid by the Dominion Government.	
	$165,638.08

Mr. Doucet asked the following Question (No. 49):—

1. What company was awarded a contract for the bridge over Fifteen Mile Creek on Queen Elizabeth Way near St. Catharines. 2. Was construction of bridge completed by the Contractor. 3. If not by whom was construction of the bridge completed. 4. What was the contract price for construction of the bridge. 5. What amount was paid the Contractor and what amount, if any, is still due him. 6. If the Contractor was released from his contract on whose recommendation was such action taken and why. 7. What was the cost of completing the work after the contractor ceased operations.

The Honourable the Prime Minister replied as follows:—

1. Keystone Contractors Ltd 2. Yes. 3. See Question 2. 4. Approximately $22,135.58, contract included other work. 5. Approximately $47,410.74, contract included other work. No further money due. 6. Contractor completed contract. 7. $1,061.51 was spent by the Department on sundry construction.

Mr. Duckworth asked the following Question (No. 50):—

1. What lands were purchased for the construction of a mental hospital at or near the City of Port Arthur, from whom were they purchased and what was the purchase price of each parcel. 2. What contracts were let and for what amount, and to whom, with respect to the construction of the hospital. 3. What buildings have been constructed. 4. Is any construction work going on at the

present time with respect to the Port Arthur Mental Hospital. 5. Is any staff employed at the present time at the Port Arthur Mental Hospital and if so what are their names and salaries and what are their duties.

The Honourable the Prime Minister replied as follows:—

1. The City of Port Arthur granted for the sum of $1.00 approximately 181 acres situate in the easterly part of the City.

2.

Name of Contractor	Nature of Contract	Contract Price
J. Tocheri	General Trades for construction of Administration Bldg.	$84,500.00
Mahon Electric Co.	Electrical Work, Administration Bldg.	3,236.75
Summers and Darling Co.	Plumbing and Heating, Administration Bldg.	7,598.00

3. Administration Building. 4. No. 5. No.

Mr. Murphy asked the following Question (No. 51):—

1. How many miles of the new highway on Kingston Road east of Toronto have been illuminated. 2. What was the cost per mile.

The Honourable the Prime Minister replied as follows:

1. 2.77 miles. 2. $8,483.75.

Mr. Duckworth asked the following Question (No. 52):—

1. What was the cost of the decorative features of the approaches to Henley Course Bridge near St. Catharines including stone galleons, lions, wing walls and other decorative features. 2. Who designed these decorative features and what was he paid for his services.

The Honourable the Prime Minister replied as follows:—

1. The special features referred to, of the King George and Queen Elizabeth Memorial Bridge, added to commemorate the Royal Visit as an extension to the then existing contract cost $49,704.39, including materials, engineering and architect's fees. By arrangement with the Dominion Government the said cost is shared equally by the Ontario and Dominion Governments. 2. W. L. Somerville, $2,199.23, fifty per cent of which is shared by the Dominion Government as outlined in answer to No. 1.

Mr. Doucett asked the following Question (No. 53):—

1. How many patients were in residence in the Ontario Hospitals on January

31st, 1940. 2. How many patients were boarded out from the Ontario Hospitals as of date January 31st, 1940. 3. How many patients were on probation from the Ontario Hospitals as of date January 31st, 1940.

The Honourable the Minister of Health replied as follows:—

1. 13,606. 2. 531. 3. 1,165.

Mr. Duckworth asked the following Question (No. 54):—

1. What was the total cost of restoration and renovation of Old Fort Henry at Kingston including road construction involved in the project. 2. Has the Dominion government reimbursed the government of the Province of Ontario with respect to a portion of the cost and if so, to what extent. 3. What amount was paid to W. L. Somerville of Hamilton for his services in connection with the restoration of Old Fort Henry. 4. What was the nature of the services which W. L. Somerville rendered.

The Honourable the Prime Minister replied as follows:—

1. $831,895.10, including roadway. 2. Yes. $400,698.57. 3. $36,044.18, 50% of which is paid by the Dominion Government. 4. Architectural designing and supervision.

Mr. Doucett asked the following Question (No. 55):—

1. Who, under the direction of the Superintendent and the Deputy Provincial Secretary, is directly responsible for the purchase of cattle, hogs and other live stock for slaughter at the abattoir operated in connection with the Ontario Reformatory at Guelph. 2. What is his salary, when was he appointed and what former experience has he had in this line of work. 3. What amounts have been paid and to whom since July 11th, 1934, for cartage of abattoir products from the abattoir at the Ontario Reformatory, Guelph, to the Ontario Hospitals. 4. Who now attends to the cartage of abattoir products from the Ontario Reformatory at Guelph to the Ontario Hospitals and what is the general arrangement therewith. 5. If transportation of abattoir products from the Ontario Reformatory at Guelph to the Ontario Hospitals is handled by a truck owned by the Ontario government: (*a*) When was truck purchased, (*b*) From whom was truck purchased, (*c*) What was cost of said truck, (*d*) Was truck purchased by tender and was the lowest tender accepted, (*e*) What to date is the cost of maintenance of truck including wages of driver, gasoline, repairs and all other items. 6. For the fiscal year ended March 31st, 1939: (*a*) What was the cost of live stock purchased for slaughter at the abattoir at the Guelph Reformatory, (*b*) What was the cost of carcasses and other meat products purchased by the Guelph Reformatory for resale at other institutions or for use at the Reformatory.

The Honourable the Provincial Secretary replied as follows:—

1. Gordon W. Morrison. 2. Salary—$2,200.00 per annum. Appointed—

April 14th, 1937. Experience—6 years packing house experience, including 4 years as Factory Superintendent with F. W. Fearman Co., Hamilton.

3. S. W. Stull	$ 6,134.25	
Rob Roy	2,343.45	
R. Floyd	25,260.03	
Total paid by Provincial Secretary's Department		$33,737.73
R. Floyd	$ 8,468.92	
W. J. Telford	281.98	
Total paid by Department of Health		$ 8,750.90
GRAND TOTAL		$42,488.63

4. Abattoir products are delivered from the Ontario Reformatory, at Guelph, to the Ontario Hospitals by truck, operated by the Department of Health. 5. (*a*) Truck was put into service November 24th, 1939, (*b*) Elliott Autocar Trucks, 40 Oxford St., Toronto, (*c*) $6,622.00, (*d*) Yes, yes, (*e*) $748.24. 6. (*a*) $181,443.64, (*b*) $79,075.88, including spices, binders and casings.

Mr. Doucett asked the following Question (No. 56):—

1. Since the 11th day of July, 1934, what new buildings by way of patients' accommodation and nurses' homes have been completed at the Ontario Hospitals at Brockville, Hamilton, London, New Toronto, Orillia and Woodstock, giving the patient or staff accommodation made available in the case of each building and the total cost of each building. 3. Have any buildings been demolished at the Ontario Hospital at London and if so what accommodation for patients or staff was lost by reason of such demolition.

The Honourable the Prime Minister replied as follows:—

1.—		Accommodation		Cost
Ontario Hospital	Building	Patients Beds	Staff Beds	without furnishings
Brockville		...	...	.....
Hamilton		...	...	.....
London		...	...	.....
New Toronto	Finishing new wing between Cottages A and B, 3 floors and dining hall and baths in basement	119	...	$ 90,000.00
Orillia	Cottage K (girls) new addition including fire stairs and basement dining hall	60	...	73,261.00
Woodstock	New Children's Group used for T.B. patients (6 buildings, present population)	600	...	982,349.00
		779		

NOTE—In addition to above new buildings, accommodation has been provided for 155 beds for patients by renovations to existing buildings at the Ontario Hospitals, Hamilton, London, New Toronto.

3. None.

Mr. Doucett asked the following Question (No. 57):—

1. How many patients were in residence at the Ontario Hospital at Orillia on January 31st, 1940. 2. How many patients were boarded out from the Ontario Hospital at Orillia as of date January 31st, 1940. 3. How many patients were on probation from the Ontario Hospital at Orillia as of date January 31st, 1940. 4. How many pairs of shoes were manufactured in the factory at the Ontario Hospital, Orillia, during the fiscal year ended March 31st, 1939. 5. How many pairs of shoes were sold to public institutions from the factory at the Ontario Hospital at Orillia during the fiscal year ending March 31st, 1939. 6. What new accommodation for patients has been provided at the Ontario Hospital at Orillia since July 11th, 1934. 7. How many applications for admission of patients to the Ontario Hospital at Orillia were on file as of date January 31st, 1940.

The Honourable the Minister of Health replied as follows:—

1. 1,987. 2. Nil. 3. 77. 4. 2,371 pairs. 5. 2,381 pair boots. 6. Sunroom Cottage K, increased accommodation for 50 cots. 7. 1,488 applications.

Mr. Stewart asked the following Question (No. 58):—

1. Was Alex. Carrick, in a New Toronto Police Court, last September, committed to trial, before a court of competent jurisdiction, on a charge of manslaughter: (*a*) Has the trial directed by the Police Magistrate taken place, (*b*) If not, why not.

The Honourable the Attorney-General replied as follows:—

1. Yes, (*a*) No. See answer to (*b*), (*b*) On September 15th, 1939, the Grand Jury at the sittings of the Supreme Court of Ontario for the County of York returned "No Bill."

Mr. Doucett asked the following Question (No. 59):—

1. How many persons were members of the Ontario Civil Service Permanent Staff on January 31st, 1940. 2. How many persons were members of the Ontario Civil Service Temporary Staff on January 31st, 1940.

The Honourable the Prime Minister replied as follows:—

1. 6,053. 2. 1,716.

Mr. Welsh asked the following Question (No. 60):—

1. How many physicians were employed on January 31st, 1940, in the

head office of the Department of Health. 2. How many physicians were on January 31st, 1940, employed at the head office of the Health Department (*a*) exclusively in the Health Division, (*b*) exclusively in the Hospitals Division, (*c*) serving both divisions.

The Honourable the Minister of Health replied as follows:—

1. 24. 2. (*a*) 14, (*b*) 3, (*c*) 7.

Mr. Welsh asked the following Question (No. 61):—

1. Was Dr. D. R. Fletcher, Superintendent of the Ontario Hospital at Whitby, suspended or dismissed and, if so, why. 2. Was C. J. Astrop, Steward at the Ontario Hospital at Whitby, suspended or dismissed and, if so, why. 3. When were Dr. D. R. Fletcher and C. J. Astrop first employed in the Civil Service. 4. What was the military service of each in the war, 1914-18. 5. If either or both officials have left the service of the Government, state who replaced them, giving name, residence, age and general qualifications and stating on whose recommendation other than that of the Minister and Departmental officials the appointments were made, also state salaries.

The Honourable the Minister of Health replied as follows:—

1. No. 2. Yes, unsatisfactory services. 3. Dr. D. R. Fletcher appointed June 7th, 1920, Mr. C. J. Astrop, April 1st, 1919. 4. Dr. Fletcher—4 years, Canada, England, Egypt, France. Mr. Astrop—3½ years, Canada, England France. 5. Mr. C. J. Astrop has been replaced by the transfer of Mr. W. A. McIntyre, residence, St. Thomas, age 55, general qualifications, previously Steward of the Ontario Hospital, St. Thomas, transferred on the recommendation of the Minister, at a salary of $2,200.00.

Mr. Frost asked the following Question (No. 65):—

1. Who were the members of the Ontario Athletic Commission in fiscal years 1938 and 1939. 2. What amount of revenue was received by the Ontario Athletic Commission in the fiscal year 1938 and 1939. 3. What portion of this revenue accrued to the Commission by collection of a percentage of gate receipts at sporting events in Ontario, and what from other sources, specifying. 4. What amount was paid to each member of the Ontario Athletic Commission by way of salary or honorarium during the fiscal years 1938 and 1939 and what amount was paid to each member by way of expenses. 5. Who are the employees of the Ontario Athletic Commission and what are their respective salaries. 6. What were the total expenditures of the Ontario Athletic Commission during the fiscal years 1938 and 1939. 7. What was the cost of operating the Couchiching Camp during the fiscal years 1938 and 1939. 8. Who is the Chairman of the Ontario Athletic Commission and what was he paid by way of salary, honorarium or other emolument during the fiscal years 1938 and 1939 and what was he paid for the same periods by way of expenses. 9. Are any camps other than the Couchiching Camp operated by the Ontario Athletic Commission.

The Honourable the Minister of Health replied as follows:—

1. MEMBERS OF COMMISSION

1938	1939
Dr. J. A. Faulkner, Chairman (Resigned)	P. J. Mulqueen, Chairman
Dr. F. P. Moore (Resigned)	L. P. Conacher, M.P.P., Vice-Chairman
W. J. Mills (Resigned)	A. E. Lyon
R. C. Buckley (Resigned)	W. A. Fry
A. E. Lyon	E. G. Farr
P. J. Mulqueen, Chairman	
L. P. Conacher, M.P.P.	
W. A. Fry	
E. G. Farr	

2. Revenue—1938, $27,485.85, 1939, $28,079.34.

3.—

	1938	1939
Percentage of Gate Receipts	$18,936.37	$21,311.60
Tax on Purses	740.10	839.45
Club Licenses	3,000.00	2,000.00
License Cards	1,119.00	1,425.00
Fines	410.00	420.00
Permits	1,525.00	1,420.00
Bank Interest	37.24	202.19
Blue Prints	3.75	2.00
Camp	1,714.39	459.10

4.—

1938—	Travelling	Per Diem	Total
P. J. Mulqueen	$ 124.35	$ 55.00	$ 179.35
L. P. Conacher, M.P.P.	24.00	10.00	34.00
A. E. Lyon	334.86	85.00	419.86
Dr. F. P. Moore	61.17	35.00	96.17
W. J. Mills	144.50	90.00	234.50
W. A. Fry	56.80	20.00	76.80
R. C. Buckley	57.89	.....	57.89
	$ 803.57	$ 295.00	$1,098.57
E. G. Farr	.....	.....	.....
1939—			
P. J. Mulqueen	$ 373.00	$ 105.00	$ 478.00
L. P. Conacher	118.40	25.00	143.40
A. E. Lyon	726.91	180.00	906.91
W. A. Fry	237.80	75.00	312.80
	$1,456.11	$ 385.00	$1,841.11
E. G. Farr	.....	.....	.....

5.—

1938—

J. P. FitzGerald, Secretary	$1,200.00
O. A. Pinkston, Organizing Secretary	1,200.00
Gordon Bidwell, Camp Caretaker	900.00

1939—

I. P. FitzGerald, Secretary	$1,575.00
A. W. Steel, Organizing Secretary	1,820.00
Gordon Bidwell, Camp Caretaker	900.00

6. Expenditure—1938, $17,545.03, 1939, $22,551.89.

7. 1938 (Net), $6,871.65. 1939 (Net), $9,336.21.

8. See answer to Question 4. In 1938. Dr. J. A. Faulkner, Minister of Health was Chairman for a period during which he did not receive any honorarium, per diem allowance or travelling expenses.

9. No.

On the motion of Mr. Arnott, seconded by Mr. Kidd,

Ordered, That there be laid before this House a Return showing:—1. What purchases of coal were made by the government during the fiscal year ended March 31st, 1939, indicating (*a*) the institutions or buildings for which coal was purchased, (*b*) the kinds and quantities of coal supplied by each dealer, to each institution, (*c*) the per ton price with respect to each purchase, (*d*) the total amount paid to each dealer with respect to coal supplied to each institution or building. 2. Was the coal purchased on a tender basis. 3. Were tenders advertised for, and if so, when and in what newspapers. 4. Was each dealer who so desired allowed to tender. 5. What was the total quantity of Nova Scotia coal purchased by the government in the fiscal year ended March 31st, 1939.

Mr. Macaulay asked the following Question (No. 23):—

What remuneration was received by each licensed dealer collecting gasoline tax for the Department of Highways in fiscal year ending March 31st, 1939.

The Honourable the Prime Minister stated that it was not in the public interest to give the information asked and with the consent of the House the Question was withdrawn.

The following Bills were read the third time and were passed:—

Bill (No. 2), An Act respecting the City of Toronto.

Bill (No. 3), An Act respecting the Township of Melancthon.

Bill (No. 7), An Act respecting William C. Wride and Josie Wride.

Bill (No. 27), An Act respecting the City of Sault Ste. Marie.

Bill (No. 37), An Act respecting the County of Lennox and Addington.

Bill (No. 55), An Act to amend The Unwrought Metal Sales Act.

Bill (No. 62), The Municipal Amendment Act, 1940.

Bill (No. 64), The Statute Law Amendment Act, 1940.

The House resolved itself into a Committee to consider Bill (No. 66), An Act to permit the Exportation of Spruce Pulpwood, and, after some time spent therein, Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had directed him to report the Bill with certain amendments.

Ordered, That the Amendments be taken into consideration forthwith.

The Amendments, having been read the second time, were agreed to.

Ordered, That the Bill be read the third time to-day.

The House resolved itself into a Committee to consider Bill (No. 65), An Act to amend The Provincial Land Tax Act, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-day.

The House resolved itself into a Committee to consider Bill (No. 67), An Act for raising Money on the Credit of the Consolidated Revenue Fund, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had directed him to report the Bill without any amendment.

Ordered, That the Bill be read the third time to-day.

The Order of the Day for the third reading of Bill (No. 63), The Assessment Act, 1940, having been read,

Ordered, That the Order be discharged, and that the Bill be forthwith again referred to a Committee of the Whole, with instructions to amend the same.

The House accordingly resolved itself into the Committee, and, after some time spent therein, Mr. Speaker resumed the Chair; and Mr. Patterson reported, That the Committee had amended the Bill as directed.

Ordered, That the Bill be read the third time forthwith.

The Bill was then read the third time, and passed.

The following Bills were read the third time and were passed:—

Bill (No. 66), An Act to permit the Exportation of Spruce Pulpwood.

Bill (No. 65), An Act to amend The Provincial Land Tax Act.

Bill (No. 67), An Act for raising Money on the Credit of the Consolidated Revenue Fund.

The motion of Mr. Challies, That there be laid before this House a Return showing: Agreement or agreements made between the Government, or the Hydro-Electric Power Commission, and any, or all, power companies, relative to the export of power now being made to Massena, New York, having been called,

The Motion was, with the consent of the House, withdrawn.

The Motion of Mr. Challies, That there be laid before this House a Return showing: All surveys and minutes of meetings of the Hydro-Electric Power Commission relative to or involved in the proposed development of the international section of the St. Lawrence River since October 1st, 1937, having been called,

The Motion was, with the consent of the House, withdrawn.

The Motion of Mr. Challies, That there be laid before this House a Return showing: All letters, memoranda, communications and reports relative to the development of the international section of the St. Lawrence River for Hydro power since October 1st, 1937, of or in possession of:—

1. The Government of Ontario or any member of such Government.

2. The Hydro-Electric Power Commission or any member of such Commission.

having been called,

The Motion was, with the consent of the House, withdrawn.

The Order of the Day for the second reading of Bill (No. 58), An Act to amend The Fatal Accidents Act, having been read,

Ordered, That the Order be discharged, and that the Bill be withdrawn.

The Order of the Day for the second reading of Bill (No. 59), An Act to amend The Workmen's Compensation Act, having been read,

Ordered, That the Order be discharged, and that the Bill be withdrawn.

The Order of the Day for the second reading of Bill (No. 60), An Act to amend The Highway Traffic Act, having been read,

Ordered, That the Order be discharged, and that the Bill be withdrawn.

The Order of the Day for the second reading of Bill (No. 61), An Act to amend The Negligence Act, having been read,

Ordered, That the Order be discharged, and that the Bill be withdrawn.

Mr. Patterson, from Committee of Supply, reported the following Resolutions:—

1 *Resolved*, That a sum not exceeding One hundred and fifty-three thousand, six hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Main Office, Department of Agriculture, for the year ending 31st March, 1941

2. *Resolved*, That a sum not exceeding Eleven thousand, eight hundred and eighty dollars be granted to His Majesty to defray the expenses of Statistics and Publications Branch for the year ending 31st March, 1941.

3. *Resolved*, That a sum not exceeding One hundred and fifteen thousand, five hundred and ninety-five dollars be granted to His Majesty to defray the expenses of Agricultural and Horticultural Societies Branch for the year ending 31st March, 1941.

4. *Resolved*, That a sum not exceeding Sixty-seven thousand, nine hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Live Stock Branch for the year ending 31st March, 1941.

5. *Resolved*, That a sum not exceeding Seventy thousand, one hundred and ten dollars be granted to His Majesty to defray the expenses of Institutes Branch for the year ending 31st March, 1941.

6. *Resolved*, That a sum not exceeding One hundred and twenty-eight thousand, two hundred and eighty dollars be granted to His Majesty to defray the expenses of Dairy Branch for the year ending 31st March, 1941.

7. *Resolved*, That a sum not exceeding Forty-nine thousand, nine hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Milk Control Board for the year ending 31st March, 1941.

8. *Resolved*, That a sum not exceeding Ninety-four thousand, one hundred and fifty dollars be granted to His Majesty to defray the expenses of Fruit Branch for the year ending 31st March, 1941.

9. *Resolved*, That a sum not exceeding Three hundred and thirty thousand dollars be granted to His Majesty to defray the expenses of Agricultural Representatives Branch for the year ending 31st March, 1941.

10. *Resolved*, That a sum not exceeding Thirty-seven thousand, three hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Crops, Seeds and Weeds Branch for the year ending 31st March, 1941.

11. *Resolved*, That a sum not exceeding Thirty thousand dollars be granted to His Majesty to defray the expenses of Co-operation and Markets Branch for the year ending 31st March, 1941.

12. *Resolved*, That a sum not exceeding Ninety-five thousand, seven hundred and fifty dollars be granted to His Majesty to defray the expenses of Kemptville Agricultural School for the year ending 31st March, 1941.

13. *Resolved*, That a sum not exceeding Seventy-four thousand dollars be granted to His Majesty to defray the expenses of Ontario Veterinary College for the year ending 31st March, 1941.

14. *Resolved*, That a sum not exceeding Twenty-eight thousand, four hundred dollars be granted to His Majesty to defray the expenses of Western Ontario Experimental Farm for the year ending 31st March, 1941.

15. *Resolved*, That a sum not exceeding Thirteen thousand and twenty dollars be granted to His Majesty to defray the expenses of Demonstration Farm, New Liskeard, for the year ending 31st March, 1941.

16. *Resolved*, That a sum not exceeding Five thousand, five hundred dollars be granted to His Majesty to defray the expenses of Demonstration Farm, Hearst, for the year ending 31st March, 1941.

17. *Resolved*, That a sum not exceeding Twenty-five thousand, three hundred dollars be granted to His Majesty to defray the expenses of Northern Ontario Branch for the year ending 31st March, 1941.

18. *Resolved*, That a sum not exceeding Seven hundred and ninety thousand dollars be granted to His Majesty to defray the expenses of Ontario Agricultural College for the year ending 31st March, 1941.

19. *Resolved*, That a sum not exceeding Twenty-five thousand dollars be granted to His Majesty to defray the expenses of Co-operation and Markets Branch for the year ending 31st March, 1941.

20. *Resolved*, That a sum not exceeding Seventy-four thousand, six hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Main Office, Department of Attorney-General for the year ending 31st March, 1941.

21. *Resolved*, That a sum not exceeding Eighty-two thousand, one hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Supreme Court, for the year ending 31st March, 1941.

22. *Resolved*, That a sum not exceeding Thirty-three thousand and fifty dollars be granted to His Majesty to defray the expenses of Shorthand Reporters for the year ending 31st March, 1941.

23. *Resolved*, That a sum not exceeding Twenty-seven thousand, five hundred and fifty dollars be granted to His Majesty to defray the expenses of Toronto and York Crown Attorney's Office for the year ending 31st March, 1941.

24. *Resolved*, That a sum not exceeding Twenty-seven thousand, nine hundred and fifty dollars be granted to His Majesty to defray the expenses of Land Titles Office for the year ending 31st March, 1941.

25. *Resolved*, That a sum not exceeding Two thousand, five hundred dollars be granted to His Majesty to defray the expenses of Drainage Referees for the year ending 31st March, 1941.

26. *Resolved*, That a sum not exceeding One million and sixty-five thousand, six hundred dollars be granted to His Majesty to defray the expenses of Criminal Justice Accounts for the year ending 31st March, 1941.

27. *Resolved*, That a sum not exceeding Sixty-five thousand, one hundred and fifty dollars be granted to His Majesty to defray the expenses of Public Trustee's Office for the year ending 31st March, 1941.

28. *Resolved*, That a sum not exceeding Thirty-two thousand, nine hundred and fifty dollars be granted to His Majesty to defray the expenses of Official Guardian's Office for the year ending 31st March, 1941.

29. *Resolved*, That a sum not exceeding Twenty-three thousand, five hundred and fifty dollars be granted to His Majesty to defray the expenses of Accountant's Office, Supreme Court of Ontario, for the year ending 31st March, 1941.

30. *Resolved*, That a sum not exceeding Fifty-six thousand, five hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Fire Marshal's Office for the year ending 31st March, 1941.

31. *Resolved*, That a sum not exceeding Seventy-seven thousand, seven hundred and forty dollars be granted to His Majesty to defray the expenses of Inspector of Legal Offices for the year ending 31st March, 1941.

32. *Resolved*, That a sum not exceeding One million, four hundred and fourteen thousand, two hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Law Enforcement Branch (Provincial Police) for the year ending 31st March, 1941.

33. *Resolved*, That a sum not exceeding Sixty-three thousand, eight hundred and seventy dollars be granted to His Majesty to defray the expenses of Ontario Securities Commission for the year ending 31st March, 1941.

34. *Resolved*, That a sum not exceeding Seventy-one thousand, three hundred dollars be granted to His Majesty to defray the expenses of Main Office, Department of Education, for the year ending 31st March, 1941.

35. *Resolved*, That a sum not exceeding Sixteen thousand, seven hundred and fifty dollars be granted to His Majesty to defray the expenses of Legislative Library for the year ending 31st March, 1941.

36. *Resolved*, That a sum not exceeding Five thousand, two hundred dollars be granted to His Majesty to defray the expenses of Public Records and Archives for the year ending 31st March, 1941.

37. *Resolved*, That a sum not exceeding Four million, six hundred and eight thousand dollars be granted to His Majesty to defray the expenses of Public and Separate School Education for the year ending 31st March, 1941.

38. *Resolved*, That a sum not exceeding Five hundred and forty-two thousand, six hundred and forty-five dollars be granted to His Majesty to defray the expenses of Inspection of Schools for the year ending 31st March, 1941.

39. *Resolved*, That a sum not exceeding Two hundred and twenty-two thousand, one hundred dollars be granted to His Majesty to defray the expenses of Departmental Examinations Branch for the year ending 31st March, 1941

40. *Resolved*, That a sum not exceeding Sixty-seven thousand, five hundred dollars be granted to His Majesty to defray the expenses of Text Books Branch for the year ending 31st March, 1941.

41. *Resolved*, That a sum not exceeding One hundred and twelve thousand, three hundred dollars be granted to His Majesty to defray the expenses of Training Schools Branch for the year ending 31st March, 1941.

42. *Resolved*, That a sum not exceeding One hundred and twenty-seven thousand and fifty dollars be granted to His Majesty to defray the expenses of Toronto Normal and Model Schools for the year ending 31st March, 1941.

43. *Resolved*, That a sum not exceeding Sixty-three thousand, nine hundred and fifty dollars be granted to His Majesty to defray the expenses of Ottawa Normal School for the year ending 31st March, 1941.

44. *Resolved*, That a sum not exceeding Forty-four thousand dollars be granted to His Majesty to defray the expenses of London Normal School for the year ending 31st March, 1941.

45. *Resolved*, That a sum not exceeding Forty-three thousand, six hundred and fifty dollars be granted to His Majesty to defray the expenses of Hamilton Normal School for the year ending 31st March, 1941.

46. *Resolved*, That a sum not exceeding Thirty-eight thousand, nine hundred and fifty-five dollars be granted to His Majesty to defray the expenses of Peterborough Normal School for the year ending 31st March, 1941.

47. *Resolved*, That a sum not exceeding Thirty-five thousand, seven hundred dollars be granted to His Majesty to defray the expenses of Stratford Normal School for the year ending 31st March, 1941.

48. *Resolved*, That a sum not exceeding Thirty-seven thousand, seven hundred dollars be granted to His Majesty to defray the expenses of North Bay Normal School for the year ending 31st March, 1941.

49. *Resolved*, That a sum not exceeding Eighty-six thousand, nine hundred and twenty-five dollars be granted to His Majesty to defray the expenses of University of Ottawa Normal School for the year ending 31st March, 1941.

50. *Resolved*, That a sum not exceeding Eight hundred and two thousand, five hundred dollars be granted to His Majesty to defray the expenses of High Schools and Collegiate Institutes for the year ending 31st March, 1941.

51. *Resolved* That a sum not exceeding One hundred and thirteen thousand, nine hundred and fifty dollars be granted to His Majesty to defray the expenses of Public Libraries for the year ending 31st March, 1941.

52. *Resolved*, That a sum not exceeding One million five hundred and twenty-five thousand, one hundred and fifty dollars be granted to His Majesty to defray the expenses of Vocational Education for the year ending 31st March, 1941.

53. *Resolved*, That a sum not exceeding Twenty-nine thousand and fifty dollars be granted to His Majesty to defray the expenses of Ontario Training College for Technical Teachers for the year ending 31st March, 1941.

54. *Resolved*, That a sum not exceeding Nine thousand, eight hundred dollars be granted to His Majesty to defray the expenses of Superannuated Teachers for the year ending 31st March, 1941.

55. *Resolved*, That a sum not exceeding One million, seven hundred and sixty-one thousand dollars be granted to His Majesty to defray the expenses of Provincial and other Universities for the year ending 31st March, 1941.

56. *Resolved*, That a sum not exceeding One hundred and fifty-nine thousand, seven hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Ontario Training School for the Deaf, Belleville, for the year ending 31st March, 1941.

57. *Resolved*, That a sum not exceeding Ninety-four thousand, one hundred dollars be granted to His Majesty to defray the expenses of Ontario School for the Blind, Brantford, for the year ending 31st March, 1941.

58. *Resolved*, That a sum not exceeding Seventy-one thousand, one hundred dollars be granted to His Majesty to defray the expenses of Main Office, Department of Game and Fisheries, for the year ending 31st March, 1941.

59. *Resolved*, That a sum not exceeding Two hundred and thirty-two thousand five hundred dollars be granted to His Majesty to defray the expenses

of Districts, Department of Game and Fisheries, for the year ending 31st March, 1941.

60. *Resolved*, That a sum not exceeding Twenty-five thousand dollars be granted to His Majesty to defray the expenses of Game Animals and Birds for the year ending 31st March, 1941.

61. *Resolved*, That a sum not exceeding One hundred dollars be granted to His Majesty to defray the expenses of Experimental Fur Farm for the year ending 31st March, 1941.

62. *Resolved*, That a sum not exceeding Three thousand dollars be granted to His Majesty to defray the expenses of Macdiarmid for the year ending 31st March, 1941.

63. *Resolved*, That a sum not exceeding Two hundred and forty-four thousand, nine hundred dollars be granted to His Majesty to defray the expenses of Biological and Fish Culture Branch for the year ending 31st March, 1941.

64. *Resolved*, That a sum not exceeding Six thousand, four hundred dollars be granted to His Majesty to defray the expenses of Grants, Department of Game and Fisheries, for the year ending 31st March, 1941.

65. *Resolved*, That a sum not exceeding Twenty-seven thousand dollars be granted to His Majesty to defray the expenses of Wolf Bounty for the year ending 31st March, 1941.

66. *Resolved*, That a sum not exceeding Fifteen thousand dollars be granted to His Majesty to defray the expenses of Main Office, General, Department of Game and Fisheries, for the year ending 31st March, 1941.

67. *Resolved*, That a sum not exceeding Two hundred and forty-eight thousand, eight hundred dollars be granted to His Majesty to defray the expenses of Main Office, Department of Health, for the year ending 31st March, 1941.

68. *Resolved*, That a sum not exceeding Thirty-six thousand, eight hundred and fifty dollars be granted to His Majesty to defray the expenses of Maternal and Child Hygiene and Public Health Nursing Branch for the year ending 31st March, 1941.

69. *Resolved*, That a sum not exceeding Fourteen thousand, five hundred and thirty dollars be granted to His Majesty to defray the expenses of Dental Service Branch for the year ending 31st March, 1941.

70. *Resolved*, That a sum not exceeding Seventeen thousand, seven hundred and fifty dollars be granted to His Majesty to defray the expenses of Inspection of Training Schools for Nurses Branch for the year ending 31st March, 1941.

71. *Resolved*, That a sum not exceeding Two hundred and nine thousand, one hundred dollars be granted to His Majesty to defray the expenses of Epidemiology Branch, Department of Health, for the year ending 31st March, 1941.

72. *Resolved*, That a sum not exceeding One hundred and twenty-four thousand and fifty dollars be granted to His Majesty to defray the expenses of Venereal Diseases Branch for the year ending 31st March, 1941.

73. *Resolved*, That a sum not exceeding One hundred and seventy-three thousand, nine hundred and fifty dollars be granted to His Majesty to defray the expenses of Tuberculosis Prevention Branch for the year ending 31st March, 1941.

74. *Resolved*, That a sum not exceeding Sixty-eight thousand, three hundred and thirty dollars be granted to His Majesty to defray the expenses of Industrial Hygiene Branch for the year ending 31st March, 1941.

75 *Resolved*, That a sum not exceeding Forty-nine thousand and fifty dollars be granted to His Majesty to defray the expenses of Sanitary Engineering Branch for the year ending 31st March, 1941.

76. *Resolved*, That a sum not exceeding One hundred and thirty thousand, one hundred dollars be granted to His Majesty to defray the expenses of Laboratory Branch for the year ending 31st March, 1941.

77. *Resolved*, That a sum not exceeding Seventy-two thousand, seven hundred and fifty dollars be granted to His Majesty to defray the expenses of Laboratory Divisions Branch for the year ending 31st March, 1941.

78. *Resolved*, That a sum not exceeding Four million and eight thousand, one hundred dollars be granted to His Majesty to defray the expenses of Hospitals, General Office, grants, etc., General Expenses, Ontario Hospitals, for the year ending 31st March, 1941.

79. *Resolved*, That a sum not exceeding Three hundred and ninety-seven thousand, eight hundred and fifty dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Brockville, for the year ending 31st March, 1941.

80. *Resolved*, that a sum not exceeding One hundred and sixty-two thousand, three hundred and fifty dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Cobourg, for the year ending 31st March, 1941.

81. *Resolved*, That a sum not exceeding Sixty-five thousand, nine hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Fort William, for the year ending 31st March, 1941.

82. *Resolved*, That a sum not exceeding Five hundred and thirteen thousand, eight hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Hamilton, for the year ending 31st March, 1941.

83. *Resolved*, That a sum not exceeding Four hundred and forty thousand dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Kingston, for the year ending 31st March, 1941.

84. *Resolved*, That a sum not exceeding One hundred and forty thousand, nine hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Langstaff, for the year ending 31st March, 1941.

85. *Resolved*, That a sum not exceeding Five hundred and ninety-six thousand, four hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, London, for the year ending 31st March, 1941.

86. *Resolved*, That a sum not exceeding Five hundred and twenty-three thousand, eight hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, New Toronto, for the year ending 31st March, 1941.

87. *Resolved*, That a sum not exceeding Thirty-eight thousand, four hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, New Toronto—Concord Unit, for the year ending 31st March, 1941.

88. *Resolved*, That a sum not exceeding Five hundred and twenty-eight thousand, four hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Orillia, for the year ending 31st March, 1941.

89. *Resolved*, That a sum not exceeding Two hundred and forty-two thousand, seven hundred and seventy dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Penetanguishene, for the year ending 31st March, 1941.

90. *Resolved*, That a sum not exceeding Four hundred and thirty-one thousand, three hundred and fifty dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Toronto, for the year ending 31st March, 1941.

91. *Resolved*, That a sum not exceeding Six hundred and seventy-eight thousand, three hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Whitby, for the year ending 31st March, 1941.

92. *Resolved*, That a sum not exceeding Five hundred and twenty thousand, two hundred dollars be granted to His Majesty to defray the expenses of Ontario, Hospital, Woodstock, for the year ending 31st March, 1941.

93. *Resolved*, That a sum not exceeding One hundred and twenty-five thousand, three hundred and seventy dollars be granted to His Majesty to defray the expenses of Toronto Psychiatric Hospital for the year ending 31st March, 1941.

94. *Resolved*, That a sum not exceeding Six thousand, nine hundred dollars be granted to His Majesty to defray the expenses of Ontario Hospital, Brampton, for the year ending 31st March, 1941.

95. *Resolved*, That a sum not exceeding Four hundred and one thousand, eight hundred dollars be granted to His Majesty to defray the expenses of Main Office, Department of Highways, for the year ending 31st March, 1941.

96. *Resolved*, That a sum not exceeding Four hundred and eighteen thousand dollars be granted to His Majesty to defray the expenses of Division Offices, Department of Highways, for the year ending 31st March, 1941.

97. *Resolved*, That a sum not exceeding Seventy-five thousand dollars be granted to His Majesty to defray the expenses of Municipal Roads Branch for the year ending 31st March, 1941.

98. *Resolved,* That a sum not exceeding Fifty thousand dollars be granted to His Majesty to defray the expenses of Gasoline Tax Branch for the year ending 31st March, 1941.

99. *Resolved,* That a sum not exceeding Twenty thousand dollars be granted to His Majesty to defray the expenses of Miscellaneous Permits Branch for the year ending 31st March, 1941.

100. *Resolved,* That a sum not exceeding One hundred and sixty-five thousand dollars be granted to His Majesty to defray the expenses of Motor Vehicles Branch for the year ending 31st March, 1941.

101. *Resolved,* That a sum not exceeding Sixty-one thousand dollars be granted to His Majesty to defray the expenses of Main Office, Department of Insurance, for the year ending 31st March, 1941.

102. *Resolved,* That a sum not exceeding Sixty-four thousand, six hundred and ten dollars be granted to His Majesty to defray the expenses of Main Office, Department of Labour, for the year ending 31st March, 1941.

103. *Resolved,* That a sum not exceeding Fourteen thousand, three hundred and fifty-five dollars be granted to His Majesty to defray the expenses of Industry and Labour Board for the year ending 31st March, 1941.

104, *Resolved,* That a sum not exceeding Twenty-six thousand, one hundred and five dollars be granted to His Majesty to defray the expenses of Apprenticeship Branch for the year ending 31st March, 1941.

105. *Resolved,* That a sum not exceeding Twenty-five thousand, three hundred dollars be granted to His Majesty to defray the expenses of Boiler Inspection Branch for the year ending 31st March, 1941.

106. *Resolved,* That a sum not exceeding Nine thousand, seven hundred and seventy dollars be granted to His Majesty to defray the expenses of Factory Inspection Branch for the year ending 31st March, 1941.

107. *Resolved,* That a sum not exceeding Twenty-six thousand, nine hundred and eighty dollars be granted to His Majesty to defray the expenses of Board of Examiners of Operating Engineers for the year ending 31st March, 1941.

108. *Resolved,* That a sum not exceeding One hundred and eighty thousand, five hundred dollars be granted to His Majesty to defray the expenses of Employment Offices for the year ending 31st March, 1941.

109. *Resolved,* That a sum not exceeding Thirty-seven thousand, seven hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Minimum Wage Board for the year ending 31st March, 1941.

110. *Resolved,* That a sum not exceeding One hundred and six thousand, six hundred and five dollars be granted to His Majesty to defray the expenses of Composite Inspection Division for the year ending 31st March, 1941.

111. *Resolved*, That a sum not exceeding Fifty-five thousand dollars be granted to His Majesty to defray the expenses of Ontario Government Employment Offices for the year ending 31st March, 1941.

112. *Resolved*, That a sum not exceeding One hundred and eighty-two thousand, two hundred dollars be granted to His Majesty to defray the expenses of Main Office, Department of Lands and Forests for the year ending 31st March, 1941.

113. *Resolved*, That a sum not exceeding Twenty-eight thousand, one hundred dollars be granted to His Majesty to defray the expenses of Agents, Department of Lands and Forests, for the year ending 31st March, 1941.

114. *Resolved*, That a sum not exceeding Sixteen thousand, three hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Rondeau Provincial Park for the year ending 31st March, 1941.

115. *Resolved*, That a sum not exceeding Five thousand dollars be granted to His Majesty to defray the expenses of Ipperwash Beach Provincial Park for the year ending 31st March, 1941.

116. *Resolved*, That a sum not exceeding Eighty-seven thousand dollars be granted to His Majesty to defray the expenses of Forests Branch for the year ending 31st March, 1941.

117. *Resolved*, That a sum not exceeding One million, six hundred and four thousand, four hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Forests Service for the year ending 31st March, 1941.

118. *Resolved*, That a sum not exceeding Two hundred and eighty-nine thousand, five hundred dollars be granted to His Majesty to defray the expenses of Air Service, Department of Lands and Forests, for the year ending 31st March, 1941.

119. *Resolved*, That a sum not exceeding Fifty thousand dollars be granted to His Majesty to defray the expenses of Radio Service, Department of Lands and Forests, for the year ending 31st March, 1941.

120. *Resolved*, That a sum not exceeding Eight thousand, five hundred dollars be granted to His Majesty to defray the expenses of Woodmen's Employment Act for the year ending 31st March, 1941.

121. *Resolved*, That a sum not exceeding Fifteen thousand dollars be granted to His Majesty to defray the expenses of Clearing Townsites and Removal of Fire Hazards, for the year ending 31st March, 1941.

122. *Resolved*, That a sum not exceeding Seventeen thousand, nine hundred dollars be granted to His Majesty to defray the expenses of Insect Control and Tree Diseases, Department of Lands and Forests, for the year ending 31st March, 1941.

123. *Resolved*, That a sum not exceeding Fifty-eight thousand dollars be granted to His Majesty to defray the expenses of Main Office, Surveys, etc., Department of Lands and Forests, for the year ending 31st March, 1941.

124. *Resolved*, That a sum not exceeding Three hundred and twenty-eight thousand, six hundred dollars be granted to His Majesty to defray the expenses of Forests Service-Reforestation for the year ending 31st March, 1941.

125. *Resolved*, That a sum not exceeding Two hundred and fifty-five thousand, five hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Office of the Speaker for the year ending 31st March, 1941.

126. *Resolved*, That a sum not exceeding Twelve thousand, six hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Office of Law Clerk for the year ending 31st March, 1941.

127. *Resolved*, That a sum not exceeding Four thousand, eight hundred dollars be granted to His Majesty to defray the expenses of Office of Crown-in-Chancery for the year ending 31st March, 1941.

128. *Resolved*, That a sum not exceeding Ten thousand dollars be granted to His Majesty to defray the expenses of Office of Lieutenant-Governor for the year ending 31st March, 1941.

129. *Resolved*, That a sum not exceeding Two hundred and eighty-seven thousand, nine hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Main Office, Department of Mines, for the year ending 31st March, 1941.

130. *Resolved*, That a sum not exceeding Nine thousand, two hundred dollars be granted to His Majesty to defray the expenses of Gas and Oil Well Inspectors Branch for the year ending 31st March, 1941.

131. *Resolved*, That a sum not exceeding Five thousand dollars be granted to His Majesty to defray the expenses of Sulphur Fumes Arbitrator for the year ending 31st March, 1941.

132. *Resolved*, That a sum not exceeding Seventeen thousand dollars be granted to His Majesty to defray the expenses of Temiskaming Testing Laboratories for the year ending 31st March, 1941.

133. *Resolved*, That a sum not exceeding Forty-two thousand, five hundred dollars be granted to His Majesty to defray the expenses of Offices of Mining Recorders for the year ending 31st March, 1941.

134. *Resolved*, That a sum not exceeding Seventy-seven thousand, nine hundred and ten dollars be granted to His Majesty to defray the expenses of Main Office, Department of Municipal Affairs, for the year ending 31st March, 1941.

135. *Resolved*, That a sum not exceeding Thirty thousand, four hundred and sixty dollars be granted to His Majesty to defray the expenses of Ontario Municipal Board for the year ending 31st March, 1941.

136. *Resolved*, That a sum not exceeding Twenty thousand, one hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Main Office, Department of Prime Minister, for the year ending 31st March, 1941.

137. *Resolved*, That a sum not exceeding Ten thousand, nine hundred and fifty dollars be granted to His Majesty to defray the expenses of Office of Executive Council for the year ending 31st March, 1941.

138. *Resolved*, That a sum not exceeding Sixty thousand dollars be granted to His Majesty to defray the expenses of Travel and Publicity Bureau for the year ending 31st March, 1941.

139. *Resolved*, That a sum not exceeding Eleven thousand, four hundred and sixty dollars be granted to His Majesty to defray the expenses of Office of Civil Service Commissioner for the year ending 31st March, 1941.

140. *Resolved*, That a sum not exceeding Thirty-six thousand, seven hundred and seventy-five dollars be granted to His Majesty to defray the expenses of Office of King's Printer for the year ending 31st March, 1941.

141. *Resolved*, That a sum not exceeding Eleven thousand, nine hundred and ten dollars be granted to His Majesty to defray the expenses of Office of Controller of Finances for the year ending 31st March, 1941.

142. *Resolved*, That a sum not exceeding One hundred and twelve thousand, two hundred dollars be granted to His Majesty to defray the expenses of Provincial Auditor for the year ending 31st March, 1941.

143. *Resolved*, That a sum not exceeding Fifty-four thousand, four hundred and thirty dollars be granted to His Majesty to defray the expenses of Main Office, Department of Provincial Secretary, for the year ending 31st March, 1941.

144. *Resolved*, That a sum not exceeding Fifty-six thousand, five hundred and seventy dollars be granted to His Majesty to defray the expenses of Registrar-General's Branch for the year ending 31st March, 1941.

145. *Resolved*, That a sum not exceeding One hundred and fifty-nine thousand dollars be granted to His Majesty to defray the expenses of Main Office, Reformatories and Prisons Branch, for the year ending 31st March, 1941.

146. *Resolved*, That a sum not exceeding Seventeen thousand dollars be granted to His Majesty to defray the expenses of Board of Parole for the year ending 31st March, 1941.

147. *Resolved*, That a sum not exceeding Seven hundred and fifty-eight thousand dollars be granted to His Majesty to defray the expenses of Ontario Reformatory, Guelph, for the year ending 31st March, 1941.

148. *Resolved*, That a sum not exceeding One hundred and nine thousand dollars be granted to His Majesty to defray the expenses of Ontario Reformatory, Mimico, for the year ending 31st March, 1941.

149. *Resolved*, That a sum not exceeding One hundred and forty-seven thousand dollars be granted to His Majesty to defray the expenses of Mercer Reformatory, Toronto, for the year ending 31st March, 1941.

150. *Resolved*, That a sum not exceeding Five hundred and twenty-two thousand dollars be granted to His Majesty to defray the expenses of Industrial Farm, Burwash, for the year ending 31st March, 1941.

151. *Resolved*, That a sum not exceeding One hundred and fifty-seven thousand dollars be granted to His Majesty to defray the expenses of Ontario Training School for boys, Bowmanville, for the year ending 31st March, 1941.

152. *Resolved*, That a sum not exceeding Eighty-one thousand dollars be granted to His Majesty to defray the expenses of Ontario Training School for Girls, Galt, for the year ending 31st March, 1941.

153. *Resolved*, That a sum not exceeding Eighty-nine thousand, nine hundred and forty dollars be granted to His Majesty to defray the expenses of Main Office, Department of Provincial Treasurer, for the year ending 31st March, 1941.

154. *Resolved*, That a sum not exceeding Nine thousand, five hundred and twenty dollars be granted to His Majesty to defray the expenses of Office of Budget Committee for the year ending 31st March, 1941.

155. *Resolved*, That a sum not exceeding Forty-five thousand, five hundred and twenty-five dollars be granted to His Majesty to defray the expenses of Motion Picture Censorship and Theatre Inspection Branch for the year ending 31st March, 1941.

156. *Resolved*, That a sum not exceeding Four hundred and sixty-four thousand, five hundred and ten dollars be granted to His Majesty to defray the expenses of Controller of Revenue Branch for the year ending 31st March, 1941.

157. *Resolved*, That a sum not exceeding One hundred and forty-seven thousand, one hundred and fifteen dollars be granted to His Majesty to defray the expenses of Post Office for the year ending 31st March, 1941.

158. *Resolved*, That a sum not exceeding Eight hundred thousand dollars be granted to His Majesty to defray the expenses of Main Office, Department of Provincial Treasurer, for the year ending 31st March, 1941.

159. *Resolved*, That a sum not exceeding Two hundred and eighteen thousand, seven hundred and five dollars be granted to His Majesty to defray the expenses of Main Office—Grants, Refuges, Orphanages, etc., Department of Public Welfare, for the year ending 31st March, 1941.

160 *Resolved*, That a sum not exceeding One hundred and sixty-one thousand, one hundred and five dollars be granted to His Majesty to defray the expenses of Children's Aid Branch for the year ending 31st March, 1941.

161. *Resolved*, That a sum not exceeding Five million, two hundred and seventy-one thousand, four hundred and twenty dollars be granted to His

Majesty to defray the expenses of Mother's Allowances Commission for the year ending 31st March, 1941.

162. *Resolved*, That a sum not exceeding Three million, four hundred and seventy-five thousand, one hundred and sixty-five dollars be granted to His Majesty to defray the expenses of Old Age Pensions Commission for the year ending 31st March, 1941.

163. *Resolved*, That a sum not exceeding Ten Million and fifty thousand dollars be granted to His Majesty to defray the expenses of Branches, Old Age Pensions Commission, for the year ending 31st March, 1941.

164. *Resolved*, That a sum not exceeding One hundred and eight thousand, one hundred dollars be granted to His Majesty to defray the expenses of Main Office, Department of Public Works, for the year ending 31st March, 1941.

165. *Resolved*, That a sum not exceeding Twenty-one thousand, five hundred dollars be granted to His Majesty to defray the expenses of General Superintendence, Department of Public Works, for the year ending 31st March, 1941.

166. *Resolved*, That a sum not exceeding Four thousand, six hundred dollars be granted to His Majesty to defray the expenses of Lieutenant-Governor's Apartment, Department of Public Works, for the year ending 31st March, 1941.

167. *Resolved*, That a sum not exceeding Four hundred thousand, five hundred dollars be granted to His Majesty to defray the expenses of Legislative and Departmental Buildings, Department of Public Works, for the year ending 31st March, 1941.

168. *Resolved*, That a sum not exceeding Thirty-four thousand, seven hundred and fifty dollars be granted to His Majesty to defray the expenses of Osgoode Hall, Department of Public Works, for the year ending 31st March, 1941.

169. *Resolved*, That a sum not exceeding Fourteen thousand, six hundred dollars be granted to His Majesty to defray the expenses of Educational Buildings, Department of Public Works, for the year ending 31st March, 1941.

170. *Resolved*, That a sum not exceeding Fifteen thousand, five hundred dollars be granted to His Majesty to defray the expenses of Agricultural Buildings, Department of Public Works, for the year ending 31st March, 1941.

171. *Resolved*, That a sum not exceeding One thousand, five hundred dollars be granted to His Majesty to defray the expenses of Training Schools, Department of Public Works, for the year ending 31st March, 1941.

172. *Resolved*, That a sum not exceeding Sixteen thousand, three hundred and twenty dollars be granted to His Majesty to defray the expenses of District Buildings, Department of Public Works, for the year ending 31st March, 1941.

173. *Resolved*, That a sum not exceeding Fifty-four thousand, one hundred and thirty dollars be granted to His Majesty to defray the expenses of Ontario Hospitals, Department of Public Works, for the year ending 31st March, 1941.

174. *Resolved*, That a sum not exceeding Fifteen thousand dollars be granted to His Majesty to defray the expenses of Public Works, Department of Public Works, for the year ending 31st March, 1941.

175. *Resolved*, That a sum not exceeding Three thousand, five hundred dollars be granted to His Majesty to defray the expenses of Ontario Government Office Building, Kingston, Department of Public Works, for the year ending 31st March, 1941.

176. *Resolved*, That a sum not exceeding Thirty thousand dollars be granted to His Majesty to defray the expenses of Agricultural Buildings, Department of Public Works, for the year ending 31st March, 1941.

177. *Resolved*, That a sum not exceeding Fifteen thousand dollars be granted to His Majesty to defray the expenses of Ontario Hospitals, Department of Public Works, for the year ending 31st March, 1941.

178. *Resolved*, That a sum not exceeding One thousand, five hundred dollars be granted to His Majesty to defray the expenses of Reformatories, Department of Public Works, for the year ending 31st March, 1941.

179. *Resolved*, That a sum not exceeding One thousand dollars be granted to His Majesty to defray the expenses of District Buildings, Department of Public Works, for the year ending 31st March, 1941.

180. *Resolved*, That a sum not exceeding Eighteen thousand dollars be granted to His Majesty to defray the expenses of Fish Hatcheries, Department of Public Works, for the year ending 31st March, 1941.

181. *Resolved*, That a sum not exceeding Four hundred and sixty thousand dollars be granted to His Majesty to defray the expenses of Public Works, Department of Public Works, for the year ending 31st March, 1941.

182. *Resolved*, That a sum not exceeding One hundred and four thousand, four hundred dollars be granted to His Majesty to defray the expenses of Miscellaneous for the year ending 31st March, 1941.

The several Resolutions having been read the second time were concurred in.

On motion by Mr. Nixon (Brant), seconded by Mr. Cross,

Ordered, That when this House adjourns the present Sitting thereof it do stand adjourned to meet at 3 o'clock to-morrow (Saturday) afternoon.

The Provincial Secretary presented to the House, by command of The Honourable the Lieutenant-Governor—

Annual Report upon the Industrial and Training Schools of the Province of Ontario for the year ending March 31st, 1940. (*Sessional Papers No. 51.*)

Also, Annual Report upon Prisons and Reformatories of the Province of Ontario for the year ending March 31st, 1940. (*Sessional Papers No. 18.*)

Also, Forty-third Annual Report of the Registrar of Loan Corporations for the year ending December 31st, 1939. (*Sessional Papers No. 7.*)

Also, Sixty-first Annual Report of the Superintendent of Insurance for the year ending December 31st, 1939. (*Sessional Papers No. 6.*)

Also, Report of the Department of Education, Ontario, for the twelve months ending October 31st, 1939. (*Sessional Papers No. 11.*)

Also, Annual Report of the Inspector of Legal Offices, Ontario, for the year ending December 31st, 1939. (*Sessional Papers No. 5.*)

Also, Report of the Minister of Agriculture, Ontario, for the year ending March 31st, 1939. (*Sessional Papers No. 21.*)

Also, Report of the Ontario Veterinary College for the year 1939. (*Sessional Papers No. 29.*)

Also, Report relating to the Registration of Births, Marriages and Deaths in the Province of Ontario for the year ending December 31st, 1939. (*Sessional Papers No. 13.*)

Also, Report of the Statistics Branch, Department of Agriculture for the year 1939. (*Sessional Papers No. 22.*)

Also, Forty-ninth Annual Report of the Department of Mines for the year 1939. (*Sessional Papers No. 4.*)

Also, Annual Report of the Department of Municipal Affairs for the Province of Ontario for the year ending March 31st, 1940. (*Sessional Papers No. 31.*)

Also, Report on the Distribution of the Sessional Statutes of Ontario, 1939, from April 1st, 1939, to February 3rd, 1940. (*Sessional Papers No. 30.*)

Also, Annual Report of the Milk Control Board of Ontario for the year ending December 31st, 1939. (*Sessional Papers No. 52.*)

Also, Report of the Minister of Public Welfare for the fiscal year 1938-1939. (*Sessional Papers No. 19.*)

Also, Annual Report of the Department of Highways for the fiscal year ending March 31st, 1939. (*Sessional Papers No. 32.*)

Also, Report of the Department of Public Works for the twelve months ending 31st March, 1939. (*Sessional Papers No. 8.*)

Also, Thirty-second Annual Report of the Game and Fisheries Department for the year ending March 31st, 1939. (*Sessional Papers No. 9.*)

Also, Seventy-second Annual Report of the Ontario Hospitals for the Mentally Ill, Mentally Defective, Epileptic and Habituate Patients for the year ending March 31st, 1939. (*Sessional Papers No. 15.*)

Also, Seventieth Annual Report on the Hospitals and Sanitoria of the Province of Ontario for the year ending September 20th, 1939. (*Sessional Papers No. 16.*)

Also, Report of The Workmen's Compensation Board of Ontario for the year 1939. (*Sessional Papers No. 28.*)

The House then adjourned at 5.20 p.m.

SATURDAY, FEBRUARY 24TH, 1940

PRAYERS. 3 O'CLOCK P.M.

Mr. Leduc presented an interim report of the Select Committee of the Legislature appointed to inquire into the administration, licensing, sale, supervision and conservation of national resources by the Department of Lands and Forests which was read, as follows, and adopted:—

The Committee has held twenty sittings and a considerable amount of evidence with regard to the above matter has been submitted to the Committee.

The Committee is of the opinion that it is necessary to continue the inquiry during the recess.

At the sittings on Saturday, February 24th, it was regularly moved by Mr. Nixon and RESOLVED that the Chairman of the Committee do ask the House for permission to continue its sittings during the recess.

The House, according to Order, resolved itself into the Committee of Ways and Means.

(*In the Committee*)

Resolved, That there be granted out of the Consolidated Revenue Fund of this Province a sum not exceeding Fifty-six million, five hundred and sixty-two thousand, two hundred and fifteen dollars to meet the Supply to that extent granted to His Majesty.

Mr. Speaker resumed the Chair, and Mr. Patterson reported, That the Committee had come to a Resolution.

Ordered, That the Report be received forthwith.

Mr. Patterson, from the Committee on Ways and Means, reported a Resolution, which was read as follows:—

Resolved, That there be granted out of the Consolidated Revenue Fund of this Province a sum not exceeding Fifty-six million, five hundred and sixty-two thousand, two hundred and fifteen dollars to meet the Supply to that extent granted to His Majesty.

The Resolution, having been read the second time, was agreed to.

The following Bill was then introduced and read the first time:—

Bill (No. 68), intituled, "An Act for granting to His Majesty certain sums

of Money for the Public Service of the Financial Year ending the 31st day of March, 1941." *Mr. Hepburn* (Elgin).

Ordered, That the Bill be read the second time forthwith.

The Bill was then read a second time.

Ordered, That the Bill be read a third time forthwith.

The Bill was then read the third time and passed.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

Ordered, That the full Sessional Indemnity be paid to those Members absent on account of illness or other unavoidable cause.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Leduc,

Ordered, That the Select Committee of this House appointed by the House on Tuesday, April 18th, 1939, to investigate, enquire into and report upon all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests, is hereby authorized to sit during the recess following the present Session of this Assembly,

And that the said Select Committee shall have full power and authority to call for persons, papers, and things, and to examine witnesses under oath, and the Assembly doth hereby command and compel the attendance before the said Select Committee of such persons and the production of such papers and things as the said Committee may deem necessary for any of its proceedings or deliberations, for which purpose the Honourable the Speaker may issue his warrant or warrants.

The Honourable the Lieutenant-Governor entered the Chamber of the Legislative Assembly and being seated upon the Throne,

Mr. Speaker addressed His Honour in the following words:—

May it please Your Honour:

The Legislative Assembly of the Province has at its present Sittings thereof passed several Bills to which, in the name and on behalf of the said Legislative Assembly, I respectfully request Your Honour's Assent.

The Clerk Assistant then read the titles of the Acts that had passed severally as follows:—

The following are the titles of the Bills to which Your Honour's Assent is prayed:—

An Act respecting the City of Toronto.

An Act respecting the Township of Melancthon.

An Act respecting St. Paul's Congregation of the United Church of Canada in Orillia.

An Act respecting the City of Brantford.

An Act respecting the Township of North York.

An Act respecting William C. Wride and Josie Wride.

An Act respecting the Village of Sturgeon Point.

An Act respecting the Town of Chelmsford.

An Act respecting the Young Men's Christian Association of Hamilton.

An Act respecting the Young Women's Christian Association of Hamilton.

An Act respecting the Town of Bonfield.

An Act respecting the Village of Killaloe Station.

An Act respecting the Town of Charlton.

An Act respecting the City of London.

An Act to amend The Jurors' Act.

The Mortgagors' and Purchasers' Relief Act, 1940.

An Act to amend The Insurance Act.

An Act respecting Survivorship in Common Disasters.

An Act to Confirm Tax Sales.

An Act to amend The Dairy Products Act, 1938.

The Local Government Extension Act, 1940.

An Act to amend The Companies Act.

An Act to amend The Change of Name Act, 1939.

An Act respecting the City of Sault Ste. Marie.

An Act respecting the Toronto Hospital for Consumptives.

An Act to amend The Public Hospitals Act.

An Act to amend The Mining Tax Act.

An Act to amend The Highway Traffic Act.

An Act to amend The Succession Duty Act, 1939.

An Act to amend The Public Health Act.

An Act to amend The Weed Control Act.

An Act respecting the County of Lennox and Addington.

The School Law Amendment Act, 1940.

An Act to amend The Trade-schools Regulation Act, 1938.

The Blue Water Bridge Act, 1940.

An Act to amend The Income Tax Act (Ontario).

An Act to amend The Solicitors' Act.

An Act to amend The Law Society Act.

An Act to amend The Teachers' and Inspectors' Superannuation Act.

An Act to amend The Corporations Tax Act, 1939.

An Act to amend The Securities Act.

An Act to amend The Ontario Municipal Board Act.

The Credit Unions Act, 1940.

An Act to amend The Mining Act.

An Act to amend The Unwrought Metal Sales Act.

The Municipal Amendment Act, 1940.

The Assessment Amendment Act, 1940.

The Statute Law Amendment Act, 1940.

An Act to amend The Provincial Land Tax Act.

An Act to permit the Exportation of Spruce Pulpwood.

An Act for raising Money on the Credit of the Consolidated Revenue Fund.

To these Acts the Royal Assent was announced by the Clerk of the Legislative Assembly in the following words:—

"In His Majesty's name, His Honour the Lieutenant-Governor doth assent to these Acts."

Mr. Speaker then said:—

May it please Your Honour:

We, His Majesty's most dutiful and faithful subjects, the Legislative Assembly of the Province of Ontario, in Session assembled, approach Your Honour with sentiments of unfeigned devotion and loyalty to His Majesty's person and Government, and humbly beg to present for Your Honour's acceptance a Bill intituled, "An Act for granting to His Majesty certain sums of money for the Public Service of the financial year ending the 31st day of March, 1941."

To this Act the Royal Assent was announced by the Clerk of the Legislative Assembly in the following words:—

"The Honourable the Lieutenant-Governor doth thank His Majesty's dutiful and loyal Subjects, accept their benevolence and assent to this Bill in His Majesty's name."

His Honour was then pleased to deliver the following speech:—

Mr. Speaker and Gentlemen of the Legislative Assembly:—

As your Sessional duties have been completed I am now able to relieve you of further attendance and, in doing so, I desire to express my appreciation of the services you have rendered.

While you have been in Session we have all experienced deep grief at the death of our Governor-General, the Right Honourable Baron Tweedsmuir of Elsfield, whose passing is a great and bitter loss to Canada and the British Empire. I noted that you adjourned your deliberations for three days as a mark of respect, and the resolution you passed will form a permanent record in the journals of this Assembly of a truly great man.

Although, due to the war and other circumstances beyond the control of the Government, there will be during the current fiscal year an excess of expenditure over revenue, I am glad to note than in the estimates you have passed for the coming year a small surplus is anticipated, together with a reduction in the gross debt of the Province. With an anticipated decrease in revenue this cannot be achieved except by a reduction in expenditure. In time of war Governments, as well as individuals, must curtail their expenses and I am quite sure that our citizens will accept cheerfully the economies which must be made. At the same time it is satisfactory to know that the efficiency of all the essential services will be maintained. An increase in the rates under The Corporation Tax Act will help to offset the anticipated reduced revenue from other sources.

Amendments which you have made to The Succession Duties Act are intended to remove obstacles which experience has shown may cause lengthy delays in collections. The Treasury Department will now be able to proceed with cases which have remained in abeyance until such time as these doubts with regard to procedure were removed.

The importance of the mining industry in Ontario, which is rapidly approaching the $250,000,000 mark, has again been emphasized by legislation, freeing small prospecting and development syndicates from certain restrictions which, while desirable in the later stages of operation, might prove a handicap to the individual initiative and enterprise, which has been responsible for the development of many of our great mining areas. The importance of mining in our economic structure is growing year by year and merits all the encouragement that can reasonably be given. Legislation which you have passed will also make more difficult the sale of stolen high-grade ore, and will facilitate prosecutions.

Your Agricultural Committee has held several meetings devoted chiefly to the problem of increasing production to meet the war-time needs of the Allies and to provide, at the same time, for a fair return to our farmers. The part Ontario can play in this connection is of the utmost importance. The Sub-Committee appointed to act with the Department of Agriculture on production policies and the farm labour situation will ensure continuity of effort during the time you are in recess.

The Committee you have appointed to enquire into the administration of justice in the Province is charged with a task of the first importance. During the past half century far-reaching changes have taken place affecting our mode of living and calling for revision of the procedure in our civil and criminal courts. Improvement of practice, the simplifying of procedure and the co-ordinating of effort between the various courts in the interests of economy are some of the matters the Committee will be called on to consider. Above all, however, the Committee will be mindful of its responsibility that no question of expediency shall impair the even quality of justice, which is the right of each and every citizen and to that end all classes of the community will be given an opportunity to be heard.

The Report of the Cancer Commission, which has been placed before you, indicates the care and patience with which all possible treatments have been investigated and checked. Private research workers have in some cases been encouraged to continue their efforts, and the Department of Health will watch closely all developments in the fight against this dread disease.

Election of municipal councils for a period of two years instead of one where, in the interests of economy, it is so desired, will be possible under the local Government Extension Act.

The figures presented to you with respect to the Training School at Galt are very gratifying and the supply of aircraft mechanics, which will be increased as time goes on, will be of material help to the Royal Canadian Air Force.

In closing, I desire to congratulate you on the harmonious manner in which you have conducted the business of the Assembly and the financial provision you

have made for carrying on the affairs of the Province during the next twelve months. I think all of us realize that the coming year may be the most momentous in the history of the modern world, with Christian civilization and all our ideals of democracy in the balance against pagan brutality and the doctrine that might is right. The barbarities now being inflicted on the Polish people should be a constant warning of what may be expected from a victorious Germany. Under such circumstances, it behooves us to remember one of the oldest of military precepts, namely, that there is strength in unity. Our forefathers sank political difficulties to weld our scattered provinces into the union of confederation, in many cases at great personal sacrifice. That same spirit should guide our steps to-day. The example they set is before us, the prize is not less great. May Divine Providence direct and sustain us in the days that lie ahead.

The Provincial Secretary then said:—

Mr. Speaker and Gentlemen of the Legislative Assembly:—

It is the will and pleasure of The Honourable the Lieutenant-Governor that this Legislative Assembly be prorogued and this Legislative Assembly is accordingly prorogued.

APPENDIX

TO THE

Journals of the Legislative Assembly

PROVINCE OF ONTARIO

Interim Reports and Proceedings of the Select Committee of the Legislature Appointed to Inquire into the Administration of the Department of Lands and Forests

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MEETINGS FROM DECEMBER 1ST, 1939, TO FEBRUARY 24TH, 1940, INCLUSIVE

Session of 1940

Reports of the Select Committee

(*Extracts from Journals of the House of January 10th, 1940.*)

Mr. Leduc, from the Select Committee appointed on April 27th, 1939, to inquire into the administration of the Department of Lands and Forests, presented their first report, which was read as follows and adopted:—

The Select Committee of the Ontario Legislature, appointed to inquire into the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests held its first sitting in Committee Room No. 1, Parliament Buildings, on Friday, December 1st. All members of the Committee with the exception of the Hon. C. A. Campbell were present. A letter from Hon. Mr. Campbell was read, intimating that he would be unable to attend meetings of the Committee due to the fact that he is a member of the Canadian Active Service Force. The method of proceeding with the inquiry was discussed, and Mr. Nixon moved, seconded by Col. G. A. Drew,

> "That the Chairman of this Committee do ask the House to appoint an additional member to the Committee in the place and stead of the Honourable Colin A. Campbell, now on Active Service, and also for leave for the Committee to sit concurrently with the House, and to ask also that power be given to the Committee to summon witnesses and to order the production of documents."

The motion was adopted.

The Committee adjourned until the 12th day of January, 1940, at 10.30 in the morning.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Leduc,

Ordered, That the name of Mr. Heenan be substituted for the name of Mr. Campbell (Sault Ste. Marie) in the list of Members named by this House on Thursday, April 27th, 1939, to constitute a Select Committee as authorized by the House on Tuesday, April 18th, 1939, to investigate, inquire into, and report upon all matters pertaining to the administration, licensing, sale, supervision, and conservation of natural resources by the Department of Lands and Forests.

And that the said Select Committee shall have full power and authority to call for persons, papers, and things, and to examine witnesses under oath, and the Assembly doth hereby command and compel the attendance before the said Select Committee of such persons and the production of such papers and things as the said Committee may deem necessary for any of its proceedings or deliberations, for which purpose the Honourable the Speaker may issue his warrant or warrants.

(*Extract from Journals of the House of February 20th, 1940.*)

Mr. Leduc, from the Select Committee appointed to inquire into the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests, presented an interim report, which was read as follows:—

The Select Committee of the Legislature appointed to inquire into the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests begs leave to submit the following interim report:

The Committee has held 16 sittings and heard considerable evidence. It now desires to submit to the Legislature the following resolutions which have been adopted by the Committee:

"That the Chairman be instructed by this Committee to report to the House that in the opinion of this Committee, the Minister of Lands and Forests should at an early date take the necessary steps for the purpose of holding a conference or conferences between representatives of the different groups interested in the effective utilization of our forest resources, including:

1. Industry which uses our forest resources as raw material.

2. Labour engaged in the cutting, manufacture, distribution and sale of our forest resources.

3. The independent operators who cut and sell forest resources.

4. Transportation Companies.

5. Power Producers.

And this Committee further recommends that in view of the opportunity now open to Ontario to secure the market in the United States for peeled pulpwood, the Acts conveying deeds of timber lands to railways and other corporations be so amended at this Session as to permit the export of such pulpwood or that the Legislature by special Act empower the Minister of Lands and Forests to authorize such export on an annual permit basis under departmental regulations."

This interim report is hereby respectfully submitted for the consideration of this House.

Committee Room, February 20th, 1940.

On the motion by Mr. Leduc for the adoption of the Report, Mr. Drew moved in amendment that the Minister of Mines be substituted for the Minister of Lands and Forests in the first paragraph of the first recommendation in the Report.

The amendment having been put was declared to be lost.

The motion for the adoption of the Report was then put and declared to be carried.

(*Extract from Journals of the House of February 24th, 1940.*)

Mr. Leduc presented an interim report of the Select Committee of the Legislature appointed to inquire into the administration, licensing, sale, supervision and conservation of national resources by the Department of Lands and Forests which was read as follows and adopted:—

The Committee has held twenty sittings and a considerable amount of evidence with regard to the above matter has been submitted to the Committee.

The Committee is of the opinion that it is necessary to continue the inquiry during the recess.

At the sittings on Saturday, February 24th, it was regularly moved by Mr. Nixon and RESOLVED that the Chairman of the Committee do ask the House for permission to continue its sittings during the recess.

On motion of Mr. Hepburn (Elgin), seconded by Mr. Leduc,

Ordered, That the Select Committee of this House appointed by the House on Tuesday, April 18th, 1939, to investigate, enquire into and report upon all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests, is hereby authorized to sit during the recess following the present Session of this Assembly.

And that the said Select Committee shall have full power and authority to call for persons, papers, and things, and to examine witnesses under oath, and the Assembly doth hereby command and compel the attendance before the said Select Committee of such persons and the production of such papers and things as the said Committee may deem necessary for any of its proceedings or deliberations, for which purpose the Honourable the Speaker may issue his warrant or warrants.

Proceedings

SELECT COMMITTEE APPOINTED TO INQUIRE INTO THE ADMINISTRATION, LICENSING, SALE, SUPERVISION AND CONSERVATION OF NATURAL RESOURCES BY THE DEPARTMENT OF LANDS AND FORESTS

Parliament Buildings, Toronto,
December 1st, 1939, 10.30 a.m.

FIRST SITTING (ORGANIZATION MEETING)

Upon the Meeting being called to order, the following duly appointed members of the Committee were present: Messrs. Leduc, Chairman; Nixon (Brant), Cooper, Drew, Elliott, Nixon (Temiskaming), Oliver, Spence and Welsh.

The Chairman read the resolution of the Ontario Legislature ordering the appointment of the Committee, as follows:

Resolution of April 18th, 1939.

"Ordered, that a Select Committee of this House be appointed to investigate, inquire into and report upon all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests."

Resolution of April 27th, 1939.

"On Motion of Mr. Hepburn (Elgin), seconded by Mr. Nixon (Brant),

"Ordered, That the Select Committee of this House authorized by the House on the 18th instant to investigate, inquire into and report on all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests, be constituted as follows and be authorized to sit during the recess of the House:—

"Mr. Leduc, Chairman, and Messrs. Campbell (Sault Ste. Marie), Cooper, Drew, Elliott, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence and Welsh."

THE CHAIRMAN: I may say that I am in receipt of a letter from Hon. Colin Campbell stating that he is unable to attend this meeting or subsequent meetings of this Committee due to the fact that he is a member of the Canadian Active Service Forces.

Mr. Leduc stated that he had asked Mr. M. McIntyre Hood to act as Secretary of the Committee.

Moved by Mr. Nixon (Brant) and seconded by Mr. Drew that M. McIntyre Hood be appointed as Secretary of this Committee.

Carried.

COLONEL G. A. DREW: As it was on my original motion and at my written request to you as Chairman of the Committee that this inquiry has been called, perhaps I had better outline exactly my own views of the course which should be followed.

In the first place, the motion makes it clear that a Select Committee of this House authorized by the House on the 18th instant to investigate, inquire into and report on all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests, be constituted as follows and be authorized to sit during the recess of the House. That necessarily ties in with the Forest Resources Regulations Act passed in 1936, which gives the wide powers to the Department under which most of the contracts have been made which will come before this committee for inquiry. I want to make it clear that the inquiry is based on the very clear necessity for some defined policy on the part of the Department of Lands and Forests of this province. It will be remembered that the motion was prompted by the situation arising from the attempts which came to a head last spring to reorganize the Abitibi Paper and Pulp Company. It was then that the powers conferred on the Minister of Lands and Forests by the Forest Resources and Regulations Act of 1936 became apparent for the first time. So that the course I propose to follow in the examination may be clear, I want to make it quite clear that my general purpose in this inquiry is to attempt to find some clearly defined long range policy which can be of use to this government and subsequent governments in dealing with resources which may easily, over a period of time, become the greatest of all our natural resources. Under this Act, the decision of the Minister of Lands and Forests is subject to review by the Cabinet, as it is only by an order-in-council passed by the Government that action can be taken. The Minister must have the necessary information before him and, on his recommendation, the decision is usually reached. A wink of the Lands and Forests' Minister, however, is as good as a nod of the Cabinet. Very often the Cabinet will accept his recommendation as to the subject matter before them and under an Act so powerful as this, the Minister acquires authority to deal with all the forestry resources of this province. Consequently, the way in which the contracts are let and the actual manner of procedure in dealing with them becomes of considerable importance. I said at the outset that I will try to make the course clear that I am to follow. My position in this regard is that the Government which has these wide powers cannot then wash its hands of the sale. In this particular case there was a suggestion that the mortgage must be exercised and that the government was not responsible for what happened. Whether that is the right course to follow, in relation to all these companies, we should ascertain. I would hope that out of this inquiry might come a clear policy for the future that would to some extent govern the powers for the present and succeeding governments.

Having regard to these wide powers, on the recommendation of the Minister, areas that have been allotted to companies may be taken away at his discretion, subject, of course, to the approval of the Cabinet. It does seem to me that it is of great importance that we understand how those powers have been exercised in the past and how they should be exercised in the future.

Another company that was under discussion at the time when this resolution was presented and adopted was the Lake Sulphite Company. I would think that it would be our duty to go to the fullest extent in examining the method by which the Lake Sulphite Company came into existence. It was stated at that time to the Cabinet that the company was adequately financed to go into operation. The bankruptcy of that company before organization was complete was a very severe shock to this province and outside where our pulp and paper is necessary and where they must go for sale. It must not be forgotten that the starting point was the recommendation by the Minister to the Cabinet that they should approve of what he had done, because this company was adequately financed. The company failed. No satisfactory explanation was given for that. This is not a question of trying to attach blame, but a question of trying to find out what did happen and of trying to find some formula in order to prevent a recurrence.

This extremely wide Act in my opinion gives powers not given by any other Act in this province. It seems to me that it leads to the necessity for a very careful understanding of how far this or any other government should go in exercising these wide powers.

The value of our timber is enormous at the present time and it seems to me perfectly clear that we have only started to realize the value of those resources. We are no longer cutting timber for logs and boards alone, but are using it to produce clothes and chemicals, especially in war time, and in Germany even food has been made from it. What uses will be made in the future of these recurring crops can only be imagined and our young people should look to the development of that resource and it should be protected for proper future development. All contracts which have been let under the Forest Resources Regulations Act of 1936 should be closely examined to see exactly what method was employed in entering into those contracts on the part of the government. We should ascertain exactly what the result has been from the point of view of the province. It is particularly important that we should understand clearly what can be done to preserve these resources during a war, because in war time our timber acquires an importance out of all proportion to peace time use. We are not only looking at the present but to the future. But because we are at war is all the more reason that we should find out what the situation is and what can be done to improve it. In my opinion we are, at present, completely denuding some of the valuable forestry areas in this province without any attempt at reforestation. Reforestation of these valuable areas is one of the first considerations.

The war raises many questions in that respect which we should consider while this Committee is sitting.

When this war is over, I don't know when, I think there is bound to be very heavy colonization in this country. We have for years been talking about the possible value of the clay belt in Northern Ontario and in other areas which are,

at the moment, too heavily timbered for colonization. There are differing opinions. There are those which say that if some effective programme were adopted, we would open up a new area for colonization as great as the whole farming area in Southern Ontario. Whether that is wrong or whether that is right, it seems to me that this Committee should examine as to whether it is possible to colonize the clay belt under some timber cutting plan, and if there is some real prospect of success. While we still have time to do it, we should make a recommendation that should be followed up after this war is over. In that respect, let us recall that in early times, timber cutting in the older part of the province opened up farms. It was sound then and may be sound now.

I have outlined these points in a general way.

Having regard to the expense that would be involved in keeping the Committee sitting here now, it has been suggested that it resume its inquiry when the Session opens. I cannot possibly raise any objection having regard to the expense which will be saved in that manner, and I will concur in that suggestion.

If it is suggested that I should indicate those whom I should like to examine, I will be pleased to do so.

I want to emphasize again that my purpose now and throughout the continuance of this inquiry is to attempt to lay down for this government and for succeeding governments, if we can do it collectively, some clearly defined programme that will protect the rich resources we have in the timber areas and prevent their exploitation. That is my broad purpose and I will be glad to assist the Committee towards that end in every way possible.

MR. COOPER: Mr. Chairman, in view of what Col. Drew has said, I for one think that this Committee will concur entirely with what Col. Drew has said. If this Committee is to serve in good purpose, it will be by following the suggestions that have been made by Col. Drew, that is, to discuss this problem on a high plane with one thing in view. That is to try and see if we cannot agree on some permanent timber policy for the Department and also as the Colonel says, for the Departments of the future.

THE CHAIRMAN: If there is no further business before the meeting, then I suggest that we adjourn until a later date.

I have received a request from the Corporation of the City of Fort William and from Mr. Fred Knowles that will be heard by this Committee. Might I suggest that this request be left until the next sitting of the Committee.

HON. MR. NIXON: Col. Drew, what is the suggested order.

COL. DREW: I would like to examine the Minister first. To establish a basis for the inquiry, I would ask that at the opening Session, the Minister of Lands and Forests be the first witness.

E. E. JOHNSTON: May a member of the public be heard for a moment? I am the Chairman of the Industrial Commission of Fort William. May I make

the suggestion that it might be well, too, to investigate into the operative competitive costs and position of the timber operators west of Fort William.

CHAIRMAN: I might suggest, Mr. Johnston, that you make this request through one of the members of the Committee.

HON. PETER HEENAN: I think the Committee should in some manner prepare a programme as this may be a long drawn-out examination, and indicate which contracts will be examined first, so that the necessary material can be ready.

COL. DREW: I would suggest that we start with the Abitibi Company and then we will have ready next Lake Sulphite and then the others.

HON. PETER HEENAN: I take it for granted that there is no limitation on the Committee. If one case dove-tails into the other, they are all history—there is a history before them. One links up with the other—there is no limitation.

COL. DREW: I will take each matter up and I can assure the Minister that no limitation will be placed on answers to questions.

THE CHAIRMAN: Mr. Heenan then will be the first witness in this investigation.

MR. NIXON (Brant): Mr. Colin Campbell wrote to the Committee telling them he will not be able to be at the meetings. Should we not ask the House to name some one to replace him. I would so move.

Moved by Mr. Nixon (Brant) and seconded by Col. Drew:—

That the Chairman of this Committee do ask the House to appoint an additional member to the Committee in the place and stead of the Honourable Colin Campbell, now in Active Service, and also for leave for the Committee to sit concurrently with the House, and to ask also that power be given to the Committee to summon witnesses and to order the production of Documents.

Approved.

Moved by Mr. Nixon (Brant) and seconded by Mr. Cooper:—

That the Committee stand adjourned until the 12th day of January, 1940, at 10.30 in the morning.

Carried.

The Sitting was then adjourned at 11.15 a.m.

SECOND SITTING

Parliament Buildings,
Toronto, Friday, January 12th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence and Welsh.

THE CHAIRMAN: There is no other witness assigned for this morning, so that we will open with the Honourable Mr. Heenan.

THE HONOURABLE PETER HEENAN, Sworn. Examined by MR. DREW.

MR. DREW: Before I actually proceed with the questioning of the witness, I do think that one point should be decided by the Committee, and that is the status of Mr. Heenan himself in relation to this Committee.

It is not in any way questioning the appointment. That is the decision, after all, that the Government makes in its own wisdom, having regard to the numbers appointed from the Government and the Opposition. But I must say that it seems to me a particularly surprising arrangement to have the Minister, who will necessarily be giving a good deal of evidence based on his own opinion, sitting on the Committee, unless there is some arrangement that when the time comes to make a report the Minister will not be asked to join in the deliberations in making the report.

Have you thought of that angle, Mr. Chairman?

THE CHAIRMAN: The Minister of Lands and Forests was appointed as a member of this Committee by the House, without any objection from anyone, and I dare say he has all the rights and privileges of a member of this Committee, and I do not see how we can exclude him when it comes to the preparing of a report for the House.

MR. DREW: I was only pointing out that of necessity a great many things will be matters of opinion, and that, when asked to take part in preparing the report, he will be asked to make a report upon his own opinions; and I cannot imagine the Honourable Mr. Heenan saying that he does not like the evidence which has been given.

THE CHAIRMAN: I have no authority to decide anything to the contrary. Mr. Heenan is a member of the Committee, and, as such, is entitled to all the rights and privileges. The time for making that objection was in the House. I cannot undertake to say that Mr. Heenan will be barred from taking part in the preparation of the report.

MR. DREW: I am not questioning that. I think the only person who will be embarrassed will be Mr. Heenan himself.

I would like to give you an illustration of the position in which it puts Mr. Heenan. I remember a particular case where, during the early part of the War, we were forming batteries based on the tests that men had in the examinations; and one of the more senior officers, who got no marks as a result of that, was appointed one of the skeleton corps. Owing to the sickness of the Quarter Master, he had to act also as Captain and Quarter Master; and in his report he mentioned the excellent work of the Quarter Master.

HON. MR. NIXON: Mr. Drew, if you had such an objection, it should have been raised in the legislature. Any objection he had to such an appointment would have been properly raised there; and it is absurd to suggest that a member of the Committee shall not enjoy the rights and privileges enjoyed by any other member of the Committee.

I remember that on a couple of occasions I was in the box, as a witness, although a member of the Committee myself.

MR. DREW: Did you approve of your own evidence?

Of course, in the next place, I did not know in advance of the day that we met that there was any suggestion of Mr. Heenan being appointed as a member of the Committee. And, in the next place, it is the practice that the Government shall fix the number who are to go on the Committee.

All that I am pointing out now is that Mr. Heenan can prevent embarrassment to himself by agreeing not to take part in the deliberations in connection with the preparation of the report of the Committee.

May I, before I close this, since the Honourable Mr. Nixon has said it is an absurd suggestion, state that I have never heard anything so ludicrous as that a man shall be asked to give expert evidence upon his own opinion, and then be asked to base his conclusion upon that evidence.

MR. DREW: Q. Now, Mr. Heenan, under the terms of the Inquiry which brings us here, it is suggested that there should be a general inquiry into the administration of the Department, and, for that reason, if certain of the questions do appear to be questions that are obvious, in some ways, I would only ask you to recall that we are seeking to put together a record which people can examine and from which they may come to some conclusion in regard to what should be done.

So that you and I may not necessarily be at arm's length in such a discussion, I am repeating what I said before, that my desire is to get a clear understanding of the methods of the operation of this Department, and to hope that out of these inquiries some constructive suggestions can be made in regard to the general administration of one of the most important branches of government.

Now, would you, Mr. Heenan, in your own words, explain in broad terms the present administration of the Department which you administer?

A. I want to say to you here if I was a member of the Committee, instead of a witness in the box, I would say that we will not be at arm's length. Your remarks indicate that you are looking for something constructive to recommend to the Legislature and the Government; and it is my desire, either myself or through officers of the Department, to give you every bit of legitimate information to help you to form a conclusion. I want to say that at the outset. And I want you to bear with us, because of the wide ramifications of this Department, we may not have just the file that you may want at the moment.

For instance, taking our licensed concessions, there are one thousand licensed concessions, that is timber operations,—that is not pulpwood,—and I hazard a guess that there are not less than ten thousand files in connection with those thousand licenses.

The ramifications of the Department are wide, as you know. The Crown timber under The Crown Timber Act; the pulpwood concessions; the timber licenses; the Railway grants, the Veteran grants ; Fire protection; Reforestation; the Surveys Branch; and, of course, an important branch is the collecting of the moneys due to the Department from these various branches in the Department.

Then, of course, now we shall have the proration of newspaper tonnages. If we can find some way of taking that up, that will be worth while on this investigation.

MR. J. M. COOPER: May I say that we cannot hear a word the Honourable Mr. Heenan is saying, over here.

THE WITNESS: The Colonel asked me to run over the parts of the Department. There are the Timber concessions, the Timber licenses, which is the cutting of timber for sawmills, ties and poles, and things of that description; the Railway grants—timber lands which were granted to the Railway Companies, upon which is timber and fire protection, and we have reserved certain classes of timber. Then we have the Veteran Land Grants. We have the fire protection. We have the mining lands, that is to say the timber on the mining lands. The reforestation; the Survey Branch; and the collecting of the moneys due to the Department under those heads. And I said to the Colonel that if he could find some way of relieving the Minister of the new institution that the Minister has on his shoulders, which is a headache, the proration of newspaper tonnage, which is really now one of the main things in connection with that Department.

I think, in a general way, Colonel, that takes in the major activities of the Department.

MR. DREW: Q. Now, just as a matter of bringing it up to date, what changes have actually been instituted in the Department under your regime?

A. There have been little changes in the administration, with the exceptions that in most outside points where there was a Chief Forester and also a Crown Lands Agent, we amalgamated those; the reason being that when timber men or settlers went into a town or a city they found that those two jurisdictions lapped, they went to the Crown Lands Agent and he told them they would have to go to some other department, and see the Forester. He went to the Forester,

and he told him to go to the Crown Lands Agent. We eliminated that by amalgamating those two offices.

Q. Then, as far as the method of administration is concerned, that is the only change which has taken place?

A. In a general way, the administration is about the same.

Q. Now, dealing particularly with the control of the forest resources, from the point of view of preservation, what is the general method of control in force at the present time, or of protection?

A. Conservation, you mean?

Q. Yes.

A. Well, you see, in Northern Ontario it is a little different from the older parts of Ontario. As you know, the forest was cut off the land in old Ontario, and in that regard it is a matter of reforestation, in the older parts of Ontario.

In the northern part of Ontario, the great thing is to keep fires out. If you keep fires out of the forests, you get rid of the reforestation that would be otherwise necessary. Keep the fires out, and the proper method of cutting, of course. What I mean by that is this: That in the former years, and to a great extent yet, the paper companies use spruce and balsam; they go in and they cut what they need, leaving the larger sized log timber, the pines, poplars, and other species, in the wood.

Now, when it comes time to seed, in the season of the year when the seeds will blow off from the other trees, we are getting the second growth of pine, instead of spruce and balsam.

In other words, we have not been leaving the good species of pulpwood, such as spruce and balsam, which are regarded as the best for that kind of manufacture.

We are now trying to make them clean up as they go, so that it will be reseeded by whatever timber was on at the time of that cutting.

So that, to shortly answer your question, conservation is the proper method of cutting or seeing that the mature timber was cut, leaving the younger timber to grow; and, above all, keeping the fire out.

Q. Then, as I understand it, your plan is that you divide old Ontario and new Ontario, as a problem. In old Ontario it is entirely a problem of reforestation with new trees; and in new Ontario the problem is the protection of growth, by the prevention of fires, and the use of proper methods of cutting?

A. Conservation in New Ontario, and reforestation in Old Ontario.

By the way, Colonel, if you do not mind my saying so, I think the questions you are asking are proper and all that kind of thing, but I had a notion, from your

remarks at the last meeting that we had, that you were going to take the Abitibi first, and the Lake Sulphide next, and so on, and I have prepared more along those lines, you see.

Q. Apropos of what you have said, at any time you are not prepared to answer any question, I am prepared to postpone my questions.

When I mentioned Abitibi and the Sulphide, I referred to the companies with which I proposed to deal. But the very appointment of this Committee implied a general discussion of the Department, as I understood it.

A. It is all right. I studied more about the Abitibi, so as to be prepared to go into it.

Q. I would prefer to go into the general points, first. If there is any question on which you need reasonable time to prepare, it is only a question of adjourning a few minutes to enable you to get the information.

In newer Ontario, the fire protection is the most important problem?

A. Yes.

Q. Again, in general terms, would you explain exactly what methods are used for fire prorection?

A. We have twelve districts with foresters in charge, and Fire Rangers.

During the winter season, they get all the equipment in order and shape for the summer's work.

We put on extra men in the summer; I cannot tell you the number, just at the moment—I could have been prepared, if I had known you were going to ask the question.

Then, of course, we call upon a larger squad of men, that are always available, in case of fire. In other words, we do not keep a big staff in preparation for big fires, all the time.

In other words, some years we have big conflagrations. The last few years we have been pretty lucky.

Then we have twenty-eight aeroplanes, located at different points. Then, in addition to that, we started out under Mr. Lyons with a small plane, known as an observation plane. It just carried two passengers. It was their duty to go up in the air and fly around, and see if they could detect a fire.

If they detected a fire, they could not carry the equipment with them in that small plane; they had to come back to their headquarters and report. Then it was a case of getting boats or canoes out with the equipment, or aeroplanes which would carry the equipment in.

We have been now getting gradually larger planes which will carry equip-

ment and men, so that if they detect a fire, they go down and put it out, if they can.

Q. And who is in charge of the aeroplanes?

A. Mr. George Ponsford.

Q. Would you have available, at the moment, figures covering the air patrol or the air services connected with the protection of the forests—are they available at the moment, the number of machines, and so on?

A. Twenty-eight.

Q. But over the past few years?

A. Well, twenty-one in 1934—I may be out one or two one way or the other—and twenty-eight now.

Q. Could you give us the figures for the intervening years?

A. Well, I could not now. I may be able to answer that in a few moments. I do not think we have that down from year to year.

Q. I want just to get the picture complete, to see how it has been following in every year, and the changes in regard to type, and so on?

A. To see how it has been building up?

Q. Yes.

A. Then, in addition to that, we have towers connected with either a telephone to some headquarters, or by radio telephone.

If I remember rightly—I will get that information in a few minutes—there are about four thousand miles of telephone lines now through the forests. I do not like to guess too much, but I think we have 137 towers—I had better let that wait, but I think it is 137 towers. They are equipped with telephone or radio.

Then we have in the northwestern portion of the province, up in the Patricia District, which is a long way from the rails, a radio station set up at Pickle Lake, Sioux Lookout and Kenora. We are operating those. They are very efficient, in this way, there is three-ways on them. There is radio telegraph, and we had a lot of work in connection with those—the radio telegraph and radio telephone, and then we have the short wave, in connection with our aeroplanes, so that we can report as to the condition of the air, etc.

We put that up in conjunction with the Marconi Company. They take fifty per cent of the proceeds, and we take the other fifty per cent; they pay fifty per cent of the wages for the men, that is the additional men for the commercial end of it, and we get our fire protection and our fire messages, and government messages of any description, sent through free of charge. So that we think in

that part of the country we have the most up to date fire protection that there is on the North American continent.

This, of course, takes a long answer, Colonel, because we will have to tell you the number of pumps we have available, and the number of feet of hose which we have in the Department, none of which is in my mind at the moment.

Q. Just so that we will understand it, what I have in my mind at the moment now that we are having this inquiry, we shall have the broad picture on the record, the information which no doubt is to be found in different places, and which will be brought together at this Committee.

A. I had the information all ready for the last Session, but you did not ask me such questions.

MR. DREW: We had such bad luck with the questions that we did ask you, that we did not go into that.

WITNESS: It will only take a short time to give you the exact number of feet of hose, and miles of wire, and all that sort of thing.

I am giving the answers in a general way, now.

Q. Have you the figures of the percentage of the various species of commercial wood in the province?

A. I do not think we have that percentage. We have about one hundred million acres covered with the various species, but I do not think we have it down, except this—and this probably would have been the proper place to say it—since this inquiry was asked for we have prepared a map of the whole province which would be very enlightening if hung on the wall, giving you the various areas and the various species of timber, the pine, the jackpine, poplar, spruce, and all that sort of thing. I think it would help the Committee and help anybody interested in it very much if that map were hung on the wall.

Q. Have figures been prepared showing the percentage of spruce, pine and other commercial woods?

A. In a good many areas, yes, but not all over the province for the reason that there are lots of timbered areas in the province which will not be cut during your lifetime or during my lifetime. We never spent very much money on analyzing what is in there, but in a general way we can tell you what is in there.

Q. In a general way can you tell me the percentage, or the approximate percentage, of the various commercial woods?

A. Well, with some specific area I could.

Q. I will explain what I am trying to arrive at. For instance, I notice that in the reports on the Forest Resources of Sweden or Finland, or any of the other great forest countries, the starting point in every case is some estimate of the percentage of the various commercial types of wood and from that they build

up and arrange their balance having regard to the commercial possibilities of those types of wood.

Now, I would have thought that it would have been valuable in this province to have had some estimate of the relationship between the spruce and jackpine and some measurable approximation at least of the probable contents of each of these forests because it would seem to me that the policies must be very largely governed by the amount of any one of those types of woods which we have?

A. Well, the difference is this: The Scandinavian countries, as you know, are very old countries, and small countries, and they go into more varied production in connection with their natural resources than we do.

For instance, you will find, in the Scandinavian countries where there are roads and highways built through the forest, there are artificial canals made, and they are over one hundred years old. They are small, by comparison, to this extent, that Northern Ontario supplies about 355,000 square miles, which is larger than England, Ireland, Scotland, France and Belgium put together, so to take a survey in detail, as you suggest, it would cost an enormous amount of money and take a long time.

In a general way, subject to correction, we only make a fairly detailed survey of the areas that we are about to take into production by the establishment of a mill, or sawmills, or something of that kind. For instance, we are going to sell or give a concession to some pulp company. It is applied for and if we have the data on that particular area then we immediately examine it and we know in a general way what is on that particular area.

Q. How would you place the commercial woods in the order of their importance?

A. I thought I was fairly correct. There is about 109,000,000 acres of forest area. There has been a survey made of about three-quarters of that. Instead of giving you the different areas I had better give it to you in total.

Q. If you have it?

A. We have it broken down. In cords of spruce there is 181,682,000. I had better give you the round figures?

A. Yes.

Q. Yes?

A. 181,000,000. Balsam 26,000,000.

HON. MR. NIXON: Q. Cords?

A. Cords. Jackpine, in the cordage, 79,000,000. In the board measure, white and red pine, 6,000,000,000 feet.

MR. COOPER: 6,000,000,000?

A. 6,000,000,000. In the maple and yellow birch 3,000,000,000.

MR. DREW: Q. That is, board measure?

A. Feet, yes. Other hard woods would be 487,000,000 feet, and hemlock 792,000,000.

Q. That, you say, is on about three-quarters of our total available areas?

A. Yes, three-quarters. In connection with that we have a map here. That map we have prepared is larger than this. We have a map which shows the various areas and the various classes of timber. We can distribute them around the Committee. We have quite an abundance of them.

THE CHAIRMAN: It will be Exhibit 1.

Q. And it shows what?

A. The forest regions of Ontario.

Q. Well, is that all Ontario, or Northern Ontario? It is Northern Ontario, I believe.

A. Ontario.

EXHIBIT NO. 1—Filed by Mr. Heenan: Map of Ontario.

So, we will distribute them.

THE CHAIRMAN: Thank you.

WITNESS: Colonel, I am just saying that instead of filing it now, a copy can be filed later as I do not wish to take it off my file unless I have to.

THE CHAIRMAN: Just mark it to be filed.

Q. Or, can you file it now?

A. Yes.

Q. It might be just as well?

A. Yes.

MR. DREW: Q. Have you at the moment figures available which would indicate the extent of the areas held under the form of control which may be acquired?

A. You are now speaking of the concessions?

Q. Yes, the concessions?

A. Would you mean by that the pulpwood concessions, or all timber areas?

Q. All timber areas?

A. Licenses as well?

A. Yes.

A. The mileage of timber: The square miles under timber licenses as of December 1st, 1939, 16,042½ square miles.

Q. 16,042½ square miles?

A. Yes. Under pulp concessions there is 65,307 square miles.

Q. 65,307 square miles?

A. Yes.

Q. Do those overlap at all to any extent?

A. You mean the licenses?

Q. Are there any timber licenses that cover pulp concessions?

A. No, they are separate.

Q. That is, if a pulp concession covers a given area that is the only license granted on that area; is that it?

A. No.

Q. Well, give us an example?

A. For example, if an area is granted to a pulp company there may have been timber licenses granted in that area before conceded to the pulp company. That, of course, would not alter the rights of the licensee in the timber area. There would be many such cases of that.

Q. Have you any idea of the extent of that situation?

A. I would not like to say without looking into it. I know of many cases, but it is only a guess.

Q. In those cases do I understand that the cutting of the timber proceeds under the original license in the same areas as the pulp?

A. Yes.

Q. Is that a perfectly sound arrangement?

A. It might not be sound but yet a good many of those obligations have

to be carried out. For instance, if a man gets a timber license and he spends a lot of money on building roads and camps in preparing ways and means to take his timber out of the bush, you can not very well shut him out.

Q. No great difficulties have arisen as a result of that, have they?

A. No, very little. The only difficulties that arise are sometimes in the logging and in the use of the river but it is only once in a while that a complaint comes in as to who has the prior rights on the river. They are generally settled satisfactorily.

Q. Then, on the whole you would say that it has not caused any great difficulty?

A. No.

Q. If that is so, why is it not wise to adopt that as a general policy, and in the case of pulp concessions adopt the practice of also granting timber concessions in the same area?

A. We have that right now. We have taken that right now. For instance, in the Abitibi proposed agreement—and the Long Lac—we reserve the right, and in all the new agreements, and I think in a good many of the old agreements, reserve the right to sell any specie of timber that is not to be used by that company in their mill.

Q. I think, as a matter of fact, Mr. Heenan, there are very few agreements, if any, which have not had that provision. Is that not so? I think, in other words, it is a general provision of the agreement that the right is reserved to dispose of other timber in the area. Is that not so?

A. Well, it is two ways. In the old agreements, if my memory serves me right, the government reserved the right to make the pulp concession. If the logger in the process of cutting logwood came across a cluster of logs, or a species, the Minister would have the right to direct him to cut it. Under the new agreement it is a little different. We reserve the right to sell it. Exportation does not come in at all.

Having regard to any other specie except what they use in their own mill, we have the right to cut. We have the right to sell other species of timber other than what is used in the mill. The reason I want to develop it as much as I can is so as to give you the information. The pulp concessionaire does not like it. He does not like it notwithstanding the fact that he does not use this large sized timber. He does not like anybody poaching on his reserves. They undertake to pay the fire protection charges of the large area, and they are willing to do that rather than let somebody else go in and cut timber. They figure that the fellow cutting the log timber will create more of a fire hazard. In other words, they do not consider that the smaller fellow is so interested in preserving or conserving the timber as the pulp concessionaire who has to use it for, say, forty years. They just hate to see him in there and they put every obstacle and complaint in the way that they can. So that, probably that has held it back somewhat.

Q. Is it not a fact that a great many efforts have been made by men seeking

timber concessions to obtain those concessions from areas over which there are existing varied concessions and that they have not been able to obtain them. Is that not correct?

A. No. I do not know of any.

Q. I thought you just said that you were under the impression that they had been held back on that account?

A. Well, for instance, nearly every time any of these presidents of these companies come in, there are always rumours around about somebody going to get something, and they hope this rumour is not true.

Q. Is that not a constant rumour in the forest and resources control that somebody is going to get something?

A. You must have been visiting the head of the lakes, Colonel.

Q. Yes, I have been. But, I was following up what you had suggested. You had said that you thought probably the feeling the large fellow had was that the small man would not take care of the cutting to the same extent, and that was probably what held it back. I gather from that, that actually people seeking timber concessions had been prevented from getting them?

A. Well, I can not recall any at the moment, Colonel. I can not recall any. I am positive that there is no legitimate case where a man has applied for timber on an area instead of a pulp concession to use in his sawmill for the cutting of ties or any other thing of that character where he has been denied.

So we will not get our wires crossed, I would say that there have been applications for individual loggers to go in on these areas to cut pulpwood for export. I am not sure that you are not asking me the wrong question.

Q. No. Let me make it quite clear as to what I am doing. I am having regard to the systems which I know are in vogue elsewhere and trying to see how far they are applicable here. I know, for instance, in certain parts of the United States and in the Scandinavian countries licenses to use different types of woods on the same areas are granted?

A. Well, I will say at once that I subscribe to that, and that is the policy of the Department, with this exception: We do not encourage men to go into the bush to axe their ties and leave their slash in the bush, but rather the fellow who will go in, cut the logs and take them out to the sawmill.

Q. I take it that it is now a declared policy of the Department, and subject to proper control, licenses may be granted in the same area to use different kinds of wood, and that those licenses may be granted to different licensees?

A. That is right.

Q. You spoke of people applying for the right to go into an area already

licensed for the purpose of cutting pulpwood for export. What is the present policy of the Department in regard to the exportation of pulpwood?

A. The policy of the Department has not changed very much in that regard, either. It is a continuation of the old policy having regard to the conditions and the times. We have carried on in pretty much the same way as before, in order to create employment rather than relief.

I think the figures will show that the late Minister allowed the pulpwood contractors to go in on areas that were reserved for pulp companies to cut so many thousand cords in order to export it, to create employment, and we have been doing the same except that we put through a General Order-in-Council so that the Minister might make arrangements with the concessionaire to allow the loggers to go in and cut for export. So, when we put them in we consult with the concessionaire, the manager or the president of whatever company we are going to allow in, and they generally agree, or agree all the time, that they can go in here, or in here, and so on—a specified point, having regard to the fire protection, and their own rights, and all of those concerns.

Q. Then, you have a special class of license or permit to loggers to go in and cut for export?

A. Yes.

Q. What would be the last year on which you have a convenient figure having regard to the amount of cutting in that way?

A. I think we have it for last year—1938.

Q. I see?

A. I find I have not the export here but I know it ranges somewhere between 40,000 cords a year up to the highest point, which was about 232,000 or 238,000 cords.

Q. That is, under that special permission?

A. Yes.

Q. 40,000 up to 238,000 cords?

A. Yes.

Q. When would the 238,000 be exported?

A. Last year.

THE CHAIRMAN: In the report for the fiscal year ending March 31st, 1938, which was distributed to us, we have the figures on page 22 which vary from 45,000 cords in 1935 to 242,000 cords in 1937. That is, in round figures.

MR. DREW: The Chairman has referred me to page 22 of the report of your Department as of March 31st, 1938, and it takes up to 1938.

We find there that there is a total export from Ontario in the year of 1937 of 512,597 cords, which is made up of 242,372 cords from Crown lands, and 270,225 cords from other lands. Have you the figures for 1938 available under the same headings?

A. We have them in the office but they are not here.

MR. CAIN: Are they on that list?

THE WITNESS: Well, we did not take them off but we can get them very readily.

MR. DREW: I think for the sake of convenience I would like to put them in the record now, since we are discussing the subject. Possibly in order to save time someone might phone to the office and secure it.

MR. CAIN: I think we have 1939 too; approximately, anyway.

MR. DREW: In the meantime we can go on with the general discussion.

Q. Taking the figures of 1937: The total export of 512,597 cords is made up of 242,372, Crown lands, and 270,225 from other lands. What would those "other lands" be?

A. Settlers' lands.

Q. Are any of these Indian land grants?

A. No. We would not have any statistics in respect to the Indian lands.

Q. You would not have any record of that?

A. No.

Q. Have you any idea of the extent of the cutting on Indian lands in Ontario?

A. No; we do not keep any record at all. I know, of course, by going through the country what is going on, but we have not any statistics that I can give you.

Q. There is fairly extensive cutting on them; is there not?

A. I am not sure, Colonel. I know there is one or two of the Indian lands that were sold which were cut off entirely and exported. That is exportable timber.

Q. The timber off the Indian land is exportable and is not under the control of this Department. I was wondering if for the purpose of information whether you have made any survey of the amount of timber which has been exported from Indian land grants in the last few years?

A. No, I do not think we have. The settlers lands is exportable.

Q. And that is the land which would come in under this 270,225?

A. Yes.

THE CHAIRMAN: Q. When you say "settlers land," you mean all lands, whether they are settlers or anybody else?

A. Well, under the Settlement Act a man gets a homestead. He is allowed to cut timber. For every acre of land he clears he is allowed to cut so many cords, and that is where it comes off. Some others have their land and have the titles.

MR. NIXON: Q. Would you include Veteran lands?

A. Yes.

Q. Patented Veteran lands?

A. Yes.

MR. DREW: Q. Who would be able to give us the information about the Indian lands?

A. You would have to ask Ottawa.

Q. That is the only place we can get it?

A. That is all.

Q. After all, there is a relationship between your Departments. Who would be the best man?

A. Oh, you are figuring on calling him here.

Q. I think we should have that information, to complete the picture?

A. You will have to call the Chief Forester of the Forestry Branch of the Dominion Government.

THE CHAIRMAN: Q. The Chief Forester?

A. The Chief Forester of the Department. Who he is now I do not know.

MR. SPENCE: Q. He would be the party who gives the clearance?

A. Yes. We never touch any lands at all.

MR. DREW: Q. Now, if you can not say, just say so, and if you can tell us, do so. Can you tell us whether the cutting on this Indian land is done by Indians, or whether it is not?

A. I can not say, but I do not believe so.

Q. You do not believe so?

A. No. I think they are a mixture. The way they sell their lands there is that they estimate the number of cords, as it were, or thousand feet board measure that is on their land and sell it for cash. The Indian band gets that amount of money set aside. It is set aside for the Indian band. That is their nest-egg. The cordage might be under or over the estimate.

Q. Mr. Heenan, in the United States, where they have had occasion to deal with those lands, you find them completely cut off?

A. Well, I just know of one that is completely cut off.

Q. After all, is that not something about which as a province we should be concerned? After all, it is land within the province, is it not?

THE CHAIRMAN: Perhaps that question is embarrassing.

MR. DREW: I do not think it is embarrassing, but getting back to my original proposition.

A. Colonel, if you did that—and pardon me for making the suggestion, but if the Province undertakes to interfere with Federal matters, the Federal Government might undertake, in return, to interfere with provincial matters.

MR. DREW: Q. I thought it had been suggested that both had?

A. Not to my knowledge.

Q. I am inclined to think when the inter-provincial and the Dominion comes down, there will be some suggestion of that.

Getting back to my original proposition: The fact that some other authority may have some means of control over timber areas in the province does not change the fact that as a province, it seems to me, we should be able to build up a composite picture and tell what the situation is?

A. I agree with you entirely. You are interested in the preservation of the timber resources of the country.

Q. Suppose that Indian grants are placed beside extremely valuable properties which are under license from this Government, or adjacent to Crown land, if as you say those are completely cut off where it is held as Indian land, then it seems to me that in the first place there is damage to what still remains provincial property, and on the other hand dangers may be created from the fire hazard point of view over which you absolutely have not effective control at the moment?

A. Well, in all our range of fire protection we do not differentiate between Dominion lands or Provincial lands or municipal lands, or anything else. Where we see a fire, we go and help with it. As you know, the Dominion Government has no fire protection in the Province of Ontario for their forests. If we go down

and put their fires out we charge them for the time and expense in connection with it.

Q. You would not have much success in charging the Indians?

A. No.

Q. In that respect has no attempt been made to ascertain how much wood is being exported out of the Province of Ontario off these Indian lands?

A. Not to my knowledge—whether the Department has any knowledge of it or not, I do not know. We have never taken any interest in it.

Q. You have never taken any interest in it?

A. To that extent, to collect data or watch what they were doing or anything like that, no. During my administration I have never even questioned what they were doing on the Indian lands.

Q. It does seem to me that as a part of something that affects the province as a whole that it would be useful information to us—extremely useful—to know what is being exported from those areas. It may not be under the effective control so far as title is concerned, but it does very much affect the forestry of the province. Do you not think that is vital information?

A. I do.

MR. COOPER: We are going to have a breakdown of that and I think it should be left. We have set out to get a breakdown.

MR. CAIN: I speak subject to correction. I am still under the impression that your quantities in the second column include the pulpwood from the Indian lands, because under the arrangement which we have with the Dominion Government no clearance will be accepted by the railways or ship companies until or unless they get clearance from our Department. However, we will be able to find that out.

THE CHAIRMAN: Q. Have you any idea of the total area of Indian reserves in the northern part of the province?

A. No, I have not.

Have you, Mr. Cain?

MR. CAIN: I have not it off hand.

THE WITNESS: We have that data, as my deputy of many years was in the Department, and he organized some of those Indian lands between the Dominion and the Provincial Government.

MR. DREW: Q. Have you had occasion to ascertain whether or not there is any change in the ownership of these Indian lands, where an Indian occupies a

given area which is cut over and then is granted some new area at some other place?

A. No.

Q. You do not know anything about that?

A. No.

MR. COOPER: Q. Before you leave that: Do you know who owns the timber on an Indian reserve, a mining claim or property?

A. I will have to return the compliment; I did not hear you.

Q. Who owns the timber on a mining claim which would be staked out? Would that go to the parties stated in the claim or to the parties who owns or holds the timber rights?

A. No. Under the new Mining Act, around about 1919 or 1920, the Crown reserves all the timber on mining claims. It has been changed from time to time. Once it was just a specie of timber but since 1919 or 1920 the Crown reserves all the timber on mining claims.

THE CHAIRMAN: You mentioned Indian reserves, in your first question. Do you mean claims generally?

MR. COOPER: Claims generally.

MR. DREW: Q. In general terms, can you give us the policy of your Department in regard to the exportation of pulpwood?

A. Yes. For instance, let us take the Thunder Bay area, which is the wealthiest area of the province. It is estimated that there is somewhere in the neighbourhood of 10,000,000 cords of over-mature timber—pulpwood. I want to correct that. Over 40,000,000 cords.

Q. Yes?

A. It is our thought in a general way that in order to make room for a new growth that the sooner we get that cut the better it will be for the conservation of the forests. It is like any other crop; and if I may be pardoned, I am not an expert, nor do I wish to pose as an expert, but if you have a crop of anything and it comes to maturity and you do not harvest it, it decays. We applied the same thing to the forests. We would like to see that harvested.

Well, then, how are we going to harvest it?

The companies in Ontario at the present time are not utilizing it by a long way. The increment or new growth is far and above what is required, so that the policy of the Government up to the present time is to allow export of pulpwood up to a certain point, of course, so as to put men to work in the first place instead of on relief. And, of course, to bring in revenue to the Department.

Q. Is there any limitation placed on the amount of export?

A. Well, we figure that on that same area—on Thunder Bay district, we can export up to 740,000 cords. The permissible cut on that area is around 740,000 cords a year. That is to say, you can cut 740,000 cords a year without cutting into your capital.

Q. How much of that is used by our existing companies in Canada?

A. I understand it was still in the Thunder Bay district. Did you mention the words "in the whole of Canada?"

THE CHAIRMAN: No; the Colonel said "the mills in Canada."

MR. DREW: I said "the existing companies." Of course, any Canadian companies which can use that pulpwood.

WITNESS: I thought probably in order to keep the record clear, inasmuch as we are speaking about the Thunder Bay district, that you might confine yourself at the moment to the question of the mills in the Thunder Bay district.

MR. DREW: Q. Would it only be the mills in the Thunder Bay district in Canada which could use that pulpwood?

A. Yes.

Q. Otherwise, if that is the case, we can confine it to those mills?

A. It would not be economical to take it anywhere else.

Q. I see; yes.

HON. MR. NIXON: I think there is wood taken away from the Thunder Bay district and processed elsewhere.

THE CHAIRMAN: Q. To simplify matters perhaps you might have a statement prepared by the Department giving the capacity of the mills in the Thunder Bay district, the amount of pulpwood actually used by them, the amount shipped to other Ontario mills and the amount exported to the United States?

A. Yes.

Q. I think that would give all the information.

A. Yes; we can do that. We have the information now.

Q. Can you give us that?

A. The answer to the Colonel's question is that in the Thunder Bay district we have five mills now.

MR. DREW: Q. What are they?

A. The Great Lakes Paper Company.

Q. Yes?

A. And this is the average for the last ten years of what they have been using. The average per year for the last ten years.

Q. Have you the figures for last year, or have you just the average?

A. This would be the average, because they are operating about the same now. This year they will operate more, but this will give you a fair idea.

Q. The average will not help us much because you take the tremendous increase on export during the past few years, and I suggest that the position has not remained exactly the same?

A. But this is the average that the mills in Ontario are using, and of course you will go back to your next question, which I suppose will be, export in addition to that.

Q. Yes?

A. So the Great Lakes Paper Company, over the last ten years, used 101,000 cords.

Q. That is, an average of 101,000 cords?

A. Yes.

Q. Have you how many they used in 1937?

A. In 1937?

Q. Yes?

A. You would have to work that out separately. We have just averaged it for the last ten years.

Q. Then, what is the next company?

A. The Fort William mill, which is one of the Abitibi properties. They have only averaged 20,000 in these last ten years. They were closed down for a good number of years. The Thunder Bay Paper Company, which was closed down for a long time, is another of the Abitibi properties, 34,000 cords.

Q. Yes?

A. The Provincial Paper Company, which Abitibi controls, 66,000 cords.

Q. Yes?

A. And then the Ontario Paper Company. We had better leave this

separate from the rest. The Ontario Paper Company have been getting their supplies from other places. That is, the mill at Thorold, Ontario. They are cutting this year 90,000 cords to supply their mill at Thorold.

Q. To be sent from there to Thorold?

A. Yes.

Q. Some of it is shipped away from Thunder Bay?

A. Well, they take their paper to Chicago, and they call in there and take the same boats and take their pulpwood out. Instead of going back light they take their wood back to the Thorold mill.

Q. Have you any figures which would give the peak effect of these companies for the past ten years?

A. The peak export?

Q. I will correct that on the record. The peak consumption of those mills for any year in the last ten years?

A. I do not think the boys back there hear you very closely. They are giving me answers in respect of the shipment of newsprint. You are asking about pulpwood.

Q. Yes.

A. This does not answer the question.

MR. CAIN: The companies are not shipping any pulpwood whatever.

WITNESS: That is not what he asked. Again we are getting our wires crossed. You are asking now about the companies which export pulpwood. These companies do not export pulpwood.

Q. You have given an estimate of the pulpwood which would be properly cut in any given year?

A. Yes.

Q. Then I asked you how much of that would be used in Ontario mills. That is what I was getting at.

A. Well, 311,000 cords.

Q. 311,000 cords?

A. A year.

Q. But that is on the average?

A. That is on the average, taking the average of the last ten years.

Q. Have you any figures which would give the peak requirements of those five companies for any given year during the past ten years?

A. Pardon me just a moment, Colonel. We are staying still with the Thunder Bay district?

Q. Yes.

A. Because there are exports from other parts of the province as well.

Q. Yes.

A. And the mills supplied from that district up to the present time have been using on an average for ten years every year 311,000 cords.

Q. That is an average?

A. Yes.

Q. Now I want to get the peak consumption for any one year?

A. In other words, if the companies were operating at 100 per cent capacity instead of 56 per cent?

THE CHAIRMAN: No; what is the maximum consumption in one year during those last ten years?

That is what you want, Colonel?

MR. DREW: Yes.

A. No sir, but we can get that. That is a very complicated question, for this reason. I am not so sure that my answer gives you the information you require, either. Mr. Draper has just interjected a remark which puts me on the right track, that a great proportion of this consumption in our mills may be not from Crown lands at all, but may be from settlers lands. In other words, these companies buy a lot from the settlers as well as from the Crown lands.

MR. DREW: Q. It may not be from Crown lands but it may be from settlers lands?

A. Yes. In other words, I said to you that the permissible cut of 740,000 cords a year was from Crown lands. Now, when we start in to say how much has been used in the mill, it is a little more involved because they have not been cutting all their requirements from Crown lands, but purchasing a great portion from settlers. So, we can get you the information all right, but it is a little more involved.

Q. Those figures must be available to the Department?

A. Yes. I say we can get you it but we have not it this morning.

THE CHAIRMAN: I think if you would give the statement for the last year showing the capacity of the mills, the amount of pulpwood cut from Crown lands actually used by those mills, the amount of pulp from Crown lands actually shipped to other Ontario mills, and the amount cut from Crown lands exported to the United States?

A. We will really have to get in touch with the various companies to ask them how much pulpwood they have purchased and used from the settlers. I think we have a great amount of that information, but to answer the matter accurately, as you want it, or as near as accurately as possible, I am afraid we will have to ask the companies on some particular years. They can readily get it and give it to us.

MR. DREW: Q. You were talking about the richest area being the Thunder Bay district, and you said that the permissible cut on that area was 740,000 cords. You now say that that refers to Crown lands?

A. Yes; that is all.

Q. Can you give an estimate of how much timber can be cut on settlers lands in that area? Is there a large amount?

A. No, it is not a large amount.

MR. CAIN: We have the figures. We can give you the figures on that.

MR. DREW: That is what I want. Are they available now?

MR. CAIN: Perhaps in a half hour or an hour we can get them.

MR. DREW: We had better keep the record in order; it is easier to read it afterwards.

WITNESS: We would only be guessing at it and the guess will not be any good to you. You want it as accurately as possible.

MR. DREW: Yes; I want the figures. I think it is simple. What I want to know is, first of all—

A. I would say it in a general way, but this need not be taken down as it is really not evidence. We are cutting from settlers lands about 100,000 cords a year.

Q. In the whole of Ontario?

A. Yes, in the whole of Ontario, probably about between 60,000 and 70,000 —that will be in the Thunder Bay district. The reason for that is this, Lake Superior is easy of access for export.

Q. Then, a good part of the cutting on the settlers property is for export?

A. Both for export and for the mills. If they cannot sell it for export—

Q. I do not think we had better guess.

THE CHAIRMAN: There is one matter which should be kept in mind, Mr. Heenan said that the annual cut from Crown lands was 740,000 cords per year.

MR. DREW: No, he said "permissible cut."

THE CHAIRMAN: I think "permissible" should be explained.

WITNESS: I think you had better let the question stand. We have the figures all prepared. As I said at the beginning, I did not know that you were going on with that. I am under oath and am guessing at a good many of these things.

Without going into figures, in a general way, it works this way: A settler wants the best price for his pulpwood. He tries the home market first, and if the home industry thinks he can cut it cheaper from his own area he will not buy except at his price, and then the settler looks at the export market in order to get a dollar, or a few cents, more, a cord that way. So, it varies from year to year, and to just say how much for the home market for any particular year is something we would have to prepare.

Q. Let me make it clear, in order that there will be no mistake. You have pointed out that the Thunder Bay district is the richest timber area of the province. Let us deal with that. You have given the permissible cut as being 740,000 cords. Let us find how much of that is going to our own mills. That is, not an average, but as well as an average what is the maximum consumption of any year for those ten years you have named of those companies which you have in mind, or any other companies in Canada which are taking pulpwood from the Thunder Bay district, then, how much is being cut in the Thunder Bay district of the settlers properties, and how much of that cut is being exported, and how much is consumed by our own mills. With those figures we would have it perfectly clear?

A. Yes; well, we can get you that.

Q. I think it would be better if I deferred any further questions on the question of export until we have those figures, because the question would necessarily follow from the answer.

There is only one aspect I would like to deal with before we leave it, and that is, has it not been generally assumed that it was good policy to prevent export in the hope of stimulating industrial production of wood products in Canada?

A. Yes. It is a nice picture to look at, that if you do not export pulpwood you will force somebody to come and establish a mill to produce the finished product in Canada. It has been tried for a great many years. Long before I came into public life, Colonel, there was one time the government of the Province of Ontario would not let a stick go out. The policy was, No; anybody who wants

to shall come over here. Notwithstanding that, they did not, even in the boom years of business in Canada, establish one solitary mill.

Q. They were able to get a lot of Scandinavian pulpwood at that time; were they not?

A. Not at that time. I am certain that if we cut off pulpwood to-day you would not get one solitary mill to establish in Ontario because of the prohibition of export of pulpwood.

Q. You mean the mills which are using this pulpwood, do you not?

A. Yes.

Q. What is the name of the large place at the head of the lakes which consumes such a large quantity?

A. At the head of the lakes?

Q. Yes, in the United States; in Minnesota?

A. You are referring to the very excellent statesman who made a speech one day and said that the mill was being fed from a mill in Ontario, and that they were getting 400,000 cords a year from Ontario.

Q. I am glad you referred to him as a very excellent statesman, but I see they are getting 512,000 cords per year. He underestimated. However, I was not referring to that speech. There is a large place in Minnesota which is conducting its business on this wood exported from Ontario. If you do not know I can easily get it.

A. We have the names of all the companies, but I do not think I have them with me now. I have the names of all the companies to which we are exporting pulpwood in the United States, what they use, make, and so on. The largest of them does not use any more than 165,000 cords at full capacity in the mill. We are exporting to away over 20 mills in the United States. So, when you spread out 250,000 cords amongst 15 mills—

Q. 512,000 cords?

A. Where did you get that?

Q. 512,000 in 1937?

MR. CAIN: You are confining yourself to Crown lands.

MR. DREW: I am not concerned with whether or not it is settlers wood. I am concerned with wood going from Ontario.

WITNESS: I am speaking of Crown land only. We have no control over settlers land.

WITNESS: I am speaking of Crown land only. We have no control over settlers land.

MR. DREW: Q. The general performance of this Committee is to consider the forest picture?

A. In other words after the Committee rises we may have some, but we have not now. We have not any control over settlers lands now. The point, when answering your question, that I was going to make, was this. With respect to the establishment of mills, when you spread say a quarter of a million cords over 15 or 20 mills, or more, you can easily see that you are not going to force anybody to pull their plant down and move over here to Ontario for that few number of cords.

Q. Where would the Minnesota mills get their pulpwood if they did not get it from us?

A. From Minnesota and the surrounding States; from Quebec and from the Scandinavian countries.

Q. They can not get it from there very well, can they?

A. Of course there is a war on now. They were buying sulphites and sulphates from the Scandinavian countries up until the war started cheaper than they could take our pulpwood over, and that is why we lost the market.

Q. We have not lost the market very much when we have been increasing exports. In 1934, 280,000; 1935, 266,000; 1936, 340,000, and 1937, 512,000.

A. Yes. We are increasing now, but we have lost.

Q. We were increasing while the Scandinavian countries have been able to export. Are the figures available yet for 1938 and 1939?

A. Pardon me; I did not hear that.

Q. Are the figures available yet for the exports of 1938 and 1939?

A. (No audible answer.)

MR. CAIN: Only for Crown lands.

Q. Then the only figures that are complete yet, as I see it, Mr. Heenan, are in 1938?

A. That is right.

Q. Which would show that there was a further increase from 242,000 to 324,842 cords from Crown lands and 388,212 cords from other lands, which makes a total of 613,000 odd cords from Ontario for export?

A. That is right.

Q. That is 613,000 cords for 1938, which is, I see, the highest export that there has been in the last eleven years—that is correct, is it not?

A. Yes.

Q. So that we have not lost our market?

A. But we had lost our market in this way, Colonel. It is a peculiar circumstance that when we are exporting more pulpwood, we are exporting from Crown lands, we find when we get the figures that the increase is from the settlers land at the same time. In other words the more customers we get to take up Crown lands, the more the settlers sell at the same time.

Now, to answer your question. At the time the late Government said, We are not going to export any pulpwood from Ontario, then the purchasers of export pulpwood did not come into Ontario and the settlers were not able to sell. That is all I meant when I said we lost our market—the settlers could not sell their pulpwood.

THE CHAIRMAN: I have the figures here from 1928 to 1938, and in 1928 the exports from Ontario were 612,824 cords, which came almost altogether from lands other than Crown lands. This then decreased year by year until it reached a low, in 1932, of 13,476 cords, 109 cords coming from lands other than Crown lands.

Then it started going up until it reached the new high, in 1938, of 613,056 cords, out of which 324,800 cords from Crown lands and 286,000 from other than Crown lands. So that we really exported in 1938 only about 200 cords more than in 1928. The difference being that there is more pulpwood exported from Crown lands than there was at that time.

MR. DREW: Q. Now, Mr. Heenan, can you explain the reason for that change in policy? You see the export from Crown lands, which is the territory over which you say you have control, was only some 44,000 cords during the first years of your tenure of office, and during 1938 it was 324,800 cords. 1935, you see, was the first complete year. What was the reason for the change in policy?

A. If you will go back, you find in 1935 it was a mere bagatelle. It diminished until in 1931 again it was a mere bagatelle. In 1932 it was 35,000. In 1933 there was a falling off again to 26,000. In 1934 there was another falling off. Then there was another falling off in 1935. That was when it was claimed by the operators who sell the pulpwood that they could not get the markets that they should get to put the men to work.

That is, up until that time it was one of these things whether they were going to allow one or two or a number of people to export; there was no set policy. Maybe we will, and maybe we won't. I can easily understand the position of the Minister, because what he did was to try and keep pace with the situation at that time.

Then I am pretty sure I can make this statement, that our increase in 1936 was all obligations which had taken place before we came into office, to the various mills.

Q. For which year?

A. 1935 to 1936. You see we cut one season and ship the next season; or your contracts are entered into before.

Our policy has been to continue to increase as much as we could, up to the present time.

Q. Your policy has been to increase the exports from Crown lands as much as possible?

A. Yes, to encourage exports.

Q. Since you have referred to it, I gather that the speech to which you referred was Mr. Bennett's speech, that it would be much better if the wood were processed in Canada rather than exported?

A. Yes. He said that there was one mill in Wisconsin that was living off the wood that was exported from the Crown lands in the Province of Ontario, and that they were using 400,000 cords. He said one mill.

Q. Would that be true, if he had said one company?

A. No, it would not.

Q. Have you any idea of what the one company with its subsidiaries does consume?

A. The largest mill consumes 165,000.

Q. I am talking about the largest mill with its subsidiaries. Have you any idea of what it does consume?

A. No. You may have read the same paper that I did, the Telegram—

Q. Yes, I do.

A. I read it, first. One paper said that it exported four million cords. The point is that there was not four hundred thousand cords went out of Ontario to any one mill or to any one company—I am speaking of from Crown lands.

Q. Let us get back to the principle of export. Is it not correct, Mr. Heenan, that those mills in Minnesota are at the present time largely dependent upon Ontario pulpwood?

A. No, they use, Colonel, anywhere in the neighbourhood of three million cords a year. I am speaking now of the markets where we can ship across the Great Lakes—and a quarter of a million or even a half a million cords are but a drop in the bucket.

Q. It is a pretty valuable drop, because it has a value of approximately three-quarters of a million dollars for the province. These companies had shown

sufficient interest in this matter to set up various organizations for arranging the export of the pulpwood to the United States. Don't you think as a matter of policy which is reasonably sound, that if those operators in pulpwood will go where it is to be obtained, if it cannot be shipped to them out of Canada—

A. You have to consider the question of economics. They are not going to build a mill in Canada if they can get out of it. What they make is a special type of newsprint. There is a duty of about 27 per cent against that coming back into Canada after going in to United States.

Q. But it does come back into Canada?

A. No, I do not think it does. There is Kimberley-Clark Company which might be considered a competitor of the Provincial Company's mill at Port Arthur.

There is 27 or 30 per cent duty against their product coming back into Canada again. The President told me at one time that he was not taking any orders, that any orders he got in Canada he referred to the Provincial Company's mill.

Q. What President?

A. The President of Kimberley-Clark.

Q. Who was that?

A. Mr. Sensenbrenner.

Q. Can we sum it up in this way, Mr. Heenan—

A. (Continued) Beside that there is another feature—pardon me, as I want to give you the information—they say there is just one darn thing after another—they were able to purchase these sulphides from Scandanavian countries up to the present time. Now they are going full blast in the Southern States and will be able to get sulphite from southern pine.

We have not got them tied up. In my opinion, we have not got any sledge hammer by which we can force anybody to use a mill in Ontario because of prohibition of our pulpwood.

The only thing we could do would be to allow our forests to stagnate and decay and fall down with winds, after they had become rotten. And if you go through the bush, you will see those trees fallen down, making only a fire menace to the new growth.

Q. Then can we take it as a starting point upon the present policy, that your present policy is to encourage as much export as possible from Crown lands?

A. Up to the time where we will not cut into our reserves; and so long as unemployment is as it is.

Q. In the matters of this kind, I would prefer that you answer the question. I can take it, then, as a clear statement of policy that, subject to such special circumstances as exist in regard to unemployment, and, of course, subject to the limitation of a permissible cut, your policy is to encourage as much export as possible to the United States?

A. Not beyond our new growing.

Q. Subject to the permissible new cutting?

THE CHAIRMAN: And I suppose subject to the local mills?

A. Oh, at all times subject to the conservation of timber to supply our own established mills and a number of proposed new mills.

In other words, if we get a mill here or there that would dig into our capital, we shut off the export of pulpwood to that amount.

MR. DREW: Q. In that respect, how do you determine the permissible cut?

A. By conservation and scientific foresting.

Q. The permissible cut of spruce and of jack pine would not be governed by the same period, would they?

A. No, up to the present time we have not been doing much exporting of jack pine.

Q. I am going to leave the question of export until those other figures are available. I am now talking about the permissible cut. I am not looking at it from the point of export at all, but the question of permissible cut in any given area. The permissible cut would be governed by the life span of the trees, would it not?

A. Yes.

Q. What is the life span of the different types of trees with which you are mainly concerned?

A. I am not a forester, and again I would be guessing at it. It would be sixty to seventy years for spruce.

Q. It would be different for different trees, of course?

A. Yes.

Q. How is the assurance of continuity established? Do you lay down figures for the cutter based on the different types of wood in the area?

A. Oh, yes, every man who cuts, whether he has a pulp concession or a tim-

ber limit licensee cutting some area, every time he has to apply each season, is told by the forester where to cut.

Q. Do you actually specify in writing a certain area where he may cut?

A. They give the number of cords they propose to cut, and they get or have withheld the permission by the Department. That never comes to the Minister at all.

In other words, the large concessionaire is as much interested in the conservation of his forest as is anybody else; and the man has foresters at the head of nearly every one of these companies, who try and cut in such a way that they have a balanced area. That is to say that it will last in perpetuity. That is, by the time they cut the trees of a given age, the new growth is up again, that is it has a continually perpetual growth. All these large concessionaires aim at that. So that we have that from them as well as from our own departmental officials.

Q. When we meet next, would you bring a couple of files with examples to show how the figures are arrived at which may be permitted annually on any given area?

Now, just before we leave that, because there are two or three things to be answered which you are getting the figures on, to what extent have you had an opportunity personally of studying the control of forestry in Sweden?

A. Not other than reading about it—

Q. You have not done that personally?

A. No, not beyond reading about it, and coming in contact with people from Sweden, who have come to see me once in a while.

Q. Have you had an opportunity of forming an opinion as to the desirability or practicability of adopting the Swedish method of forming a Forestry Commission?

A. No, my idea about Ontario is this, after five years in the office now, that there is no Forestry Commission could handle the affairs of the Province of Ontario any better than the officers of the Department do. They are trained men, men who have been in the public service for a long time; they have devoted their lives to it, and know all about forests, and know all about the logging possibilities, and the economic value of the trees, from one part of the province to the other.

The Commission is one of these nice things which have been spoken about—I am giving you my sincere thought in the matter—that we would only be shifting the responsibility from the heads of governments to some commission that would not be responsible to the electors.

Q. I do not want to start an argument with you about it, but I think you will agree that the placing of all forest resources in Sweden under a Commission has worked out very satisfactorily there, has it not?

A. Colonel, I think you will find that it has a different problem over there, in this way, that the greater proportion of the forests in Scandanavian countries are privately owned, and that very little of it belongs to the Crown.

Q. I am afraid that is not correct.

A. I am satisfied it is. However, this is what I was going to say, assuming that that is correct: They have put such restrictions upon the cutting of trees over there that they have brought it to such a point that a man cannot cut a tree on his own property unless he has received persmission.

MR. W. A. NIXON: Q. In regard to the cutting of pulpwood on settlers lands. If a settler had not an opportunity of selling pulpwood, he would be in a bad way, would he not?

A. The settler of the North country is in a bad way, anyway; but if he could not export, the result of it would be that the pulpwood companies would have him at their mercy—he would have to sell to them at their price.

THE CHAIRMAN: Might I come back to words which you have used once or twice, Mr. Heenan. You have spoken once or twice about a permissible cut. Do you mean the cut which you allow, or the natural growth in the year?

A. Each annual crop, about 700,000 cords—that is, allowing for fires and everything else.

Q. When you are referring to the permissible cut in the Thunder Bay District as being 742,000 cords, that of course referred only to pulpwood?

A. Yes.

MR. DREW: Q. The state ownership of forest resources in Sweden is 40 per cent owned by the State and 50 per cent owned by farmers and settlers, and 10 per cent divided among other ownerships. So that there is a substantial ownership in the State. I am not arguing about it, but I am merely pointing out that Sweden, which is one of the highly advanced countries, is administering its forest resources under a set-up very much like our Hydro Commission here, and I was wondering whether you had considered the wisdom of following that course?

A. My advice would be, No, because they have a different problem entirely to ours.

Q. As the Chairman has indicated that this might be a convenient point to break off—

WITNESS: Just before we finish on that, Colonel, again I would like to give you all the information I have. From what I have read and what I have got from visitors from Scandinavian countries, whom I have met in Montreal and here—naturally we have talked about forests—they tell me—your information may be correct—they tell me that about 20 per cent of the Scandinavian countries timber is in the hands of the Crown. That 80 per cent of it is out of the Crown. That the Commission has not to do with Crown lands at all, but with private

owners; and they tell the private owners when they can cut and how much they shall cut.

MR. DREW: I have here actually the Government book on both Norway and Sweden; but there is no use in spending time on that at the moment, because we can get expert evidence on that point.

Before we actually adjourn, the points we have left, this morning: I do want to get the complete figures as to fire control, and that involves the number of machines used during the years you have been in the Department, and the number of men employed at different times; and the amount of fire losses during various years.

Another thing is the consumption of pulpwood during the past few years by Canadian mills, from Ontario forest resources.

Then, as soon as we have finished with that, Mr. Heenan, I will proceed, as I have explained before, with specific contracts. But I would ask now that for the sake of convenience we be furnished when we resume with a list of all contracts made by the Department with any companies in respect of forest resources, since the passing of the Forest Conservation Act, in 1926. And also, I believe copies are on file already. I would like very much to have copies of each of those contracts.

WITNESS: Do you mean those that we have tabled?

Q. Yes. And we can deal with them afterward, when we go on.

A. I think they are all in here—all the agreements.

Q. After all, it is only a matter of convenience for the record here. I want to put on record all the contracts which have been made by the Department, and the actual copies of the contracts.

A. We can do that. It will take some time to type them all over.

All the agreements which we have entered into are already in here. (Referring to the Blue Book.)

Q. All that I am asking is that if there are any, that copies of them be brought in at the next meeting.

A. You are speaking about the agreements which were made under the Forest Conservation Act or Forest Regulation Act. You are thinking of agreements about building mills? You are not thinking about any little half-acre or half-mile or one mile of timber.

Q. No, I am thinking about contracts involving extensive areas of timber.

A. There is one question I can answer now, Colonel, unless you wish to put it off, and that is the pulpwood cut on Indian lands, which is the same as on railway lands; that is all included in that second column.

Q. Have you the amount, Mr. Heenan?

A. No.

THE DEPUTY MINISTER: We can get that.

THE CHAIRMAN: I understand Mr. Heenan will be on the stand all the morning again?

MR. DREW: Yes.

THE CHAIRMAN: So that there is no necessity of summoning any other witnesses for the next sittings of the Commission?

MR. DREW: No.

THE WITNESS: To what morning do we adjourn?

THE CHAIRMAN: Wednesday morning.

THE WITNESS: I wonder whether it would be a help to have a map hung on the wall, so that you could get a glance at it and frame your questions upon it.

THE CHAIRMAN: I think it would be helpful, Mr. Heenan, if you could file a chart showing the organization of the Department, with all its sub-branches.

WITNESS: We can do that.

THE CHAIRMAN: That is of the general organization of the Department.

Then the Committee stands adjourned until next Wednesday at 10.30 o'clock in the morning.

(At 1.00 p.m. Friday, January 12th, 1940, the Committee adjourned until Wednesday, January 17th, 1940, at 10.30 a.m.)

THIRD SITTING

Parliament Buildings,
Toronto, Wednesday, January 17th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence and Welsh.

THE CHAIRMAN: The Committee will please come to order.

Before Mr. Heenan comes in there are certain corrections which should be made in the record in order that it will be correct.

On page 41, sixth line, the figure "388,212" should be "288,212."

Then, near the bottom of the page, referring to the remark which I made: "This then decreased year by year until it reached a low, in 1932, of 13,476 cords, 109 cords coming from lands other than Crown lands." That is not correct. I was reading from page 22 of the Report of the Department for 1938, and the figure should be "144,769 cords, 109,362 cords coming from lands other than Crown lands."

Then, on the next page in the first line, "286,000" should be "288,000."

MR. COOPER: Then, there is a mistake on the same page—or rather, page 44. Mr. Heenan brought to my attention the question and answer in the second paragraph: "A. You have to consider the question of economics. They are not going to build a mill in Canada if they can get out of it. What they make is a special type of newsprint." That is what the record says, but the answer was: "What they make is a special type of paper other than newsprint."

MR. DREW: I do not know whether or not there is any necessity of taking this down on the record. I must confess that I have not had an opportunity of checking this carefully. For instance, I am not going to object to any obvious correction of any kind. It is necessary that there be a number of corrections but what I suggest is that each of us examine the record, meet informally, and discuss the necessary changes. Instead of going into it piecemeal I think that would be more satisfactory.

THE CHAIRMAN: It should be done at the beginning of the meeting.

HONOURABLE PETER HEENAN, recalled.

MR. DREW: Mr. Heenan, when we were discussing this matter last week you then found it necessary to get further figures in regard to air patrol in connection with the Forestry Department?

A. Yes.

Q. Have you those figures available now?

A. Yes, Colonel. I am sorry I am a little late this morning but we were collecting figures and typing some of them.

Q. We are all a little crowded for time at the moment.

A. I would like, if I may, to correct some of the evidence. I am not going to blame the stenographer, because I understand that some of the Committee said they could not hear me at the last meeting. There are not very many corrections of any importance.

Q. It is that soft Irish brogue which sometimes seems to extend the figures without it being apparent.

A. I think so. I am not correcting the figures. These are obviously misunderstandings.

Page 15, line 15, it says, "To this extent, that Northern Ontario supplies about 355,000 square miles." "Supplies" should be "comprises."

Page 20, twelfth line, reading from the beginning of the sentence: "I am positive that there is no legitimate case where a man has applied for timber on an area," and, "Instead of a pulp concession." It should say, "within a pulp concession."

On page 24—and this is not important but it might as well be clear—eighth line, an answer to a question of Mr. Spence: "We never touch any lands at all." "Dominion" should be inserted before "lands."

Then, on page 44—

THE CHAIRMAN: I think this correction has been made. "What they make is a special type of paper other than newsprint?"

A. That is very important. That is the only important one. "What they make is a special type of paper other than newsprint."

Q. Is that all, Mr. Heenan?

A. That is all the corrections.

Mr. Chairman, answering Colonel Drew, I said that we had some maps prepared. I am not speaking about the large maps but about the small maps which we said we would file. I filed one.

We have a booklet with a map in the back of each which would be handy for the Committee to have, and we will send it around, giving a brief history of all of that. It was written by the members of the staff many years ago. It will be handy and I think you should have a copy—each of you. I would prefer to distribute them around.

Then, we have the air service machines for each year since 1924, when they first started, the allocation of the flying machines for 1939, the gross expenditures on air service—

THE CHAIRMAN: Before going on—

THE WITNESS: I am outlining what we have, and then we can proceed with the Colonel's questions. Gross expenditures of the air service by year since it started in 1924, with the total number of hours flown.

MR. DREW: I cannot hear you.

THE WITNESS: The gross expenditures of the air service by the year since it first started in 1924, with the total number of hours flown each year.

Then a brief statement giving the history of the changes in the air service since 1924, the general data, the acreage under protection—the acreage that we protect, with a list of equipment that we have.

The regular men on duty at various times, and the extra fire fighters. That is, when extra fire fighters are needed as well when the big fires are on. The classification of forest areas burned over since 1931 to 1938. The peak cordage used in Ontario mills at the head of the lakes, any one year, from the Thunder Bay district.

MR. DREW: Q. From what year?

A. This will be the peak in any year.

Q. Starting with what year?

A. The peak of all years.

Q. To what time does it go back. What would be the first record?

A. 1937 is the peak year.

Q. Does it go back to 1880, 1900 or 1910?

A. For all times.

Q. For all times?

A. That is my understanding of it, Colonel.

A. Yes.

A. We have an explanation of how we arrive at the permissible cut.

Q. Yes?

A. And the annual consumption required in the Ontario mills. The export of pulpwood from Indian lands, 1931 to 1939. Colonel Drew asked for a few files to indicate how we arrive at where the cut should be made in any particular year. We have two files—one on the Spruce Falls, Abitibi and Spruce Falls, as an example.

THE CHAIRMAN: Q. Have you statements covering all these points?

A. Yes.

THE CHAIRMAN: Should we have them filed as exhibits and read into the records?

MR. DREW: I think it would be better to let him proceed now. I would suggest that I proceed now and if Mr. Heenan finds I have omitted something which he thinks should go in as a matter of record, all right.

THE WITNESS: Beginning with 1924 when the Provincial air service first started: I might later give you the history as to why the Government arrived at the conclusion to start the air service. In the meantime these are the lists of the machines that we have. In 1924 they started with 15 flying boats. In 1925 they had 18 flying boats of the H.S. 2 L. type. 1926, 18 flying boats, same type. 1927, 14.

MR. DREW: Q. The same type?

A. Fourteen flying boats.

Q. H.S. 2 L.'s.

A. But they are increased by four Moth seaplanes. That is, planes which land on the water by floats. The others were boats.

Q. You mean by that that in 1927 there were 10 H.S. 2 L.'s and 4 Moth seaplanes?

A. Yes. There were 18, but 4 of the H.S. 2 L.'s had been replaced by Moths so that there was the same number.

Q. Yes?

A. And they had 19—pardon me, they had another one, a Loening. So, in 1927, they would have 19.

In 1928 they had 9 Moths—that is, 9 Moth seaplanes, 11 H.S. 2 flying boats. That is 20 altogether. They had increased by one.

Q. And had the Loening disappeared then?

A. To the best of my knowledge it is not included.

MR. CAIN: We had it only the one season.

THE WITNESS: We had it only the one season?

MR. CAIN: Yes.

THE WITNESS: Anyway, they had 20 in 1928, except that you will follow that they were changing from the old H.S. 2 L. flying boats. They were changing by getting into the transport rather than the detection.

MR. DREW: Q. As a matter of fact, it was an old machine which dated from the war period?

A. Yes; that is right.

Now, in 1929, 11 Moth seaplanes and 11 H.S. 2 L. flying boats; 22. Am I going too fast for you, Colonel?

Q. No, that is fine.

A. 1930, 14 Moth seaplanes, 6 H.S. 1 L. flying boats and 3 Hamilton seaplanes. You see, they are still going into the transport rather than the detection. That is 24. One D.H. 61, which makes 24 in all in 1930.

1931, 14 Moth seaplanes, 6 H.S. 2 L. flying boats, 3 Hamilton seaplanes, 1 Fairchild 71, 1 Fairchild K.R. 34 and 1 Vedette flying boat. That is one used more for photographing timber areas, and things of that kind. And of course it could be used in emergency for fire protection as well. And one D.H. 61 Seaplane; 27.

In 1932, 14 Moth seaplanes, 4 H.S. 2 L. flying boats. You will observe that is two less than they had of that kind the year before. Three Fairchilds, 2 Hamilton seaplanes, 1 Vedette flying boat and 2 D.H. 61's; 26.

My understanding is, so that it will help us a little later on in arriving at some conclusion with regard to the air service, that some of the planes were getting pretty well outworn, and the Transport Department at Ottawa refused to give them a certificate of airworthiness. Therefore they had to replace some of those old ones so that there is two less of that H.S. 2 L. type flying boat. So in 1932 they had 26.

In 1933, 14 Moth seaplanes and 2 D.H. 61 seaplanes. There again you see they are reducing on them. Two Hamilton seaplanes, 3 Fairchilds and 1 Vedette flying boat; 22 in 1933.

In 1934, 14 Moth seaplanes, 2 D.H. 61 seaplanes, 2 Hamilton seaplanes, 2 Fairchilds and 1 Vedette flying boat, a total of 21 for 1934.

In 1935, and 1936, we might as well take them together.

Q. Why?

A. There is no change.

Q. In 1935 there is no change?

A. Perhaps we had better take it year for year.

Q. I think we had.

A. In 1935, 14 Moth seaplanes, 2 D.H. 61 seaplanes, 2 Hamilton seaplanes, 2 Fairchilds and 1 Vedette flying boat for a total of 21. Just the same as in 1934.

In 1937—

THE CHAIRMAN: Q. You mean 1936?

A. The same for 1936. If you wish, I will repeat it.

MR. DREW: No, no; it is not necessary as long as it is exactly the same.

A. 1937, 14 Moth seaplanes, 2 Buhls, 2 Fairchilds, 2 Hamilton seaplanes and 1 Vedette flying boat; a total of 22.

Q. That makes only 21.

THE CHAIRMAN: Q. I think you forgot one. That totals 21.

A. Well, let us run over them again. I have 22 here. 14 Moth seaplanes, 2 Buhls, 1 D.H. 61 seaplane—

Q. That is the one you did not give us.

A. Oh. Two Fairchilds, 2 Hamilton seaplanes and 1 Vedette flying boat, for a total of 22.

1938, 12 Moth seaplanes, 4 Buhls, 2 Hamilton seaplanes, 2 Stinsons, 2 Fairchilds, 1 D.H. 61 seaplane and 1 Vedette flying boat, a total of 24.

1939, 12 Moths, 4 Buhls—

MR. DREW Q. How many?

A. Four Buhls, 2 Hamiltons, 6 Stinson, 2 Fairchilds, 1 D.H. 61 and 1 Vedette; a total of 28.

THE CHAIRMAN: I suggest that this statement be filed as an exhibit.

THE WITNESS: Pardon?

THE CHAIRMAN: I say that I suggest this statement be filed as an exhibit. It will be Exhibit 2, will it not?

THE WITNESS: That is all right.

EXHIBIT NO. 2—Filed by Hon. Mr. Heenan: Statement of aircraft in Ontario Service by Years.

THE CHAIRMAN: It is a statement showing the number of planes owned by the Forestry Air Service from 1924 to 1939 inclusive.

THE WITNESS: Now, the allocation of these various types is as follows: Algonquin Park—and I do not need to give these registrations unless you wish. I can say, for instance, "1 Stinson at Algonquin Park," instead of giving the "C.F.A.O.S." and so on.

THE CHAIRMAN: Do not take this down.

MR. DREW: This need not be taken down but I think it would be simpler if I asked my questions. This has been very helpful. If you will let me ask my questions and if I omit anything Mr. Heenan can complete it afterwards.

THE WITNESS: You mean in connection with the exhibit we are giving now?

MR. DREW: Q. There was something you wished to explain?

A. I think it would be helpful if we put it all down—

Q. Yes.

A. And give the different places where they are located. I thought we might abbreviate it by, for instance, saying, "Algonquin Park, 1 Stinson," instead of giving the registration as well. You do not need the registration, do you?

Q. No. Let me explain: I do not think that there is any object in our being impatient. It is much better to lay the clear foundation of what it is we want to actually consider in the end and for that reason I suggest that if Mr. Heenan has any explanation he wishes to put in now as to these various details, that he go ahead and put them in in the best way he thinks will explain the situation.

A. We have it so it will, as we think, help the Committee. Whether or not that is so, I do not know, but I think perhaps we had better put it in the way we have it and if there are any questions to be asked in connection with it, they can be asked.

Q. If these are put in then I can ask my questions based on them.

A. Yes.

The allocation of these various aircraft is as follows:

MR. SPENCE: Q. That is, for the last year?

A. For 1939, yes. Algonquin Park, 1 Stinson. Biscotasing, 1 Buhl and 1 Moth. Cariboo Lake, 1 Buhl and 1 Moth. Fort Francis, 1 Stinson. Ignace, 1 Stinson. Kenora, 1 Fairchild 71C and 1 Moth. Oba Lake, 1 Moth and 1 Buhl. Remi Lake, 1 Moth. Orient Bay, 1 Vedette. Pays Plat, 1 Stinson. Pickle Lake, 1 Moth. Port Arthur, 1 Hamilton and 1 Stinson. Red Lake, 1 Stinson. Sault Ste. Marie, 1 D.H. 61 and 1 Moth. Sioux Lookout, 1 Hamilton and 2 Moths. Sudbury, 1 Moth. Twin Lakes, 1 Buhl and 1 Moth. Timagami, 1 Fairchild.

In giving you the expenditures from year to year, we have the gross expenditures here from year to year since the beginning, and I want to say at the outset of this that the first few years were very heavy, naturally, at the institution of anything. So that if you start in to compare the expenditures of to-day with the expenditures at the beginning, there is no comparison, due to the initiation of the whole thing. If you want to get into a comparison, probably the last ten years would be fair.

November 30th, 1924, to November 30th, 1925—that year—the expenditures were $531,920.12.

Alongside of that, Colonel, would it be helpful if we put the flying hours?

Q. Yes?

A. The total flying hours in that year, 1925, were 2,597.

Q. Just before we go on with the other figures, when you spoke of these comparative costs per year, I think it would be well to get this clear. That $531,920.12, which I believe is the figure you gave me, I assume that is only the running expenses?

A. No, this is the gross cost, covering the erecting of the hangers, and the machines. So that the expenditures were very heavy.

Q. The cost of the machines would be included in that as well?

A. That is my understanding.

Q. That would not give us very much assistance as to the cost of operating the machines?

A. Probably the last ten years would help us in that.

Q. There have been great changes in the last ten years. I do not want to interrupt this part of your evidence, where you are putting in what you think will be useful, but I can only suggest at this point that we will gain very little information as to the current expenses. You do not do it in connection with the Highways, and I would not pretend to guess from the figures any useful conclusion.

If you want to put them in, by all means do so, but personally it does not seem to me that bulk figures of capital expenditures and all would be of any use?

A. You want the current expenses?

Q. That is the only thing that would be useful to me at all. I think it would be simply a dividing of the amount, breaking down the figures?

A. It is not so easily broken down.

Q. Then let us come to No. 1 right now, because I think there should be a method in the Department which makes it easier at any time to determine capital costs and current costs, because I can think of nothing more important in a Department of the government than to be able at any moment to state the capital expenses and the current expenses.

A. Then, supposing we put in the total costs, which can not hurt anything, and then we will make an effort to separate the operating from the gross expenditures.

Q. Yes, if you wish to do it, but I do not want to labour this point beyond this, that, having regard to my stated objective of trying to develop a policy for this Department on a long term basis, I will say now that it is extremely important that there should be a current record which would give not only by the year but by the month the current and capital costs; because in that way only can one determine to what extent the methods have changed costs, or current expenditures and capital expenditures have been affected by changing conditions.

THE CHAIRMAN: We have been talking of capital expenditures. Are the purchases of new planes paid out of ordinary expenditures or out of capital expenditures?

THE DEPUTY MINISTER: At the present time they are paid out of ordinary expenditures, and we are governed by the policy laid down by the Treasury Department of the Province in the way of classifying our expenditures.

THE CHAIRMAN: These are replacements that you are making now?

THE DEPUTY MINISTER: Yes, I think what the Minister is saying as to it being perhaps a little difficult to break up, there have been certain of the planes which have been in use for many years. We may think at the beginning that they have a life of only five years, but under our conditioning programme we have extended the lifetime to ten or fifteen years.

We are determining our accountancy by a policy of the Treasury Department. In some cases they say it should be put to capital, and some to current expenditures.

MR. DREW: Q. When I speak of capital and current expenditures, I am not greatly concerned with what figures are required by the Treasury Department. What I mean is this, whether the machines are paid for out of current budgetry allowance for that Department, or whether they are paid for on some other basis is not the point; but it is important for what we are now discussing, to be able to determine how much is spent for those things, which in any ordinary operation would be clear—capital expenditures, and how much is paid out of current expenditures.

THE CHAIRMAN: I interjected my questions because I understand everything to-day is paid out of ordinary expenditures.

HON. MR. HEENAN: At any rate this will show any member of the Committee or anybody interested what the total cost of the whole service has been from the beginning.

My Deputy advises me that if he has time, he can break it down so as to separate the operating expenses year by year, as distinct from the capital expenditures.

MR. DREW: I think that would be useful, because these figures mean that, having regard as between the Treasury Department and your Department, you pay for everything out of the revenues of your Department?

THE CHAIRMAN: No, it is out of the Estimates voted in the House.

MR. DREW: It is simply the total cost of this Department to the Government for each year, is it?

A. I could not say whether you were looking at me or not.

Q. The figures which you are now giving are the total cost of this service to the Government each year?

A. That is right. Shall I go on?

Q. Yes?

A. I will start afresh with 1925, Colonel. These years run like 1924-1925, 1925-1926, and so on, and I am giving you the years. 1925, the expenditures were $531,920.12; the total flying hours, 2,597 hours. 1926, expenditures, $310,190.15; total flying hours, 2,739 hours. 1927, expenditures, $354,836.59; total flying hours, 3,539. 1928, expenditures, $368,199.37; total flying hours, 4,861. 1929, expenditures, $543,168.92; total flying hours, 6,108 hours. 1930, expenditures, $660,995.15; total flying hours, 11,602 hours. 1931, expenditures, $580,466.86; total flying hours, 14,192 hours. 1932, expenditures, $407,074.51; total flying hours, 10,908 hours. 1933, expenditures, $384,012.47; total flying hours, 9,737. 1934, expenditures, $327,617.39; total flying hours, 8,722 hours. 1935, expenditures, $86,076.65; total flying hours, 971 hours. Oh, pardon me, the reason for that was the change in the fiscal year—that would be five months. 1936, expenditures, $243,000.59; total flying hours, 5,470. 1937, expenditures, $253,950.57; total flying hours, 8,079. 1938, expenditures, $279,873.90; total flying hours, 6,410 hours. 1939, expenditures, $320,150.52; total flying hours, 6,584.

Now, this is but a very brief statement, Mr. Chairman, giving you the history of the changes and why the changes were made with respect to the elimination of certain craft, and so on, and so on. I think it would be helpful if it was placed in the record. I will leave it open to the Committee.

MR. DREW: I am quite willing.

A. Would it save the reporter if I simply gave him a copy of it?

MR. DREW: It will be quite satisfactory to me.

A. The Air Service was originally organized as an aerial detection service to supplement the man and boat patrols and the limited tower system which was in effect at that time.

It was felt at that time that if fires could be detected in their early stages, and immediate action taken, it would be possible not only to conserve greater areas of timber, but to materially reduce the costs involved in fighting fires which had reached the out-of-control stage. Prior to the inception of this Service, the Department had purchased flying from commercial concerns at hourly prices ranging from $70 to $100, and it was felt that the Government could conduct its own flying service at considerable saving to the taxpayers, and at the same time provide a better service.

The original equipment purchased consisted of 15 H.S. 2 L. flying boats which were purchased from the Laurentide Air Service. Three more were added in 1925.

In 1927 it was decided that this particular type of flying boat was not only expensive to operate, but expensive to maintain, and a lighter and smaller type

of aircraft was sought, which would adequately meet the needs of the Department from a detection standpoint. During the year 1927, four DeHaviland Moth aircraft were purchased direct from England, and five more again in 1928, and two in 1929, with one DeHavilland 61 later on.

Further additions were made in 1930, 1931 and 1932, when we still had of the smaller type four H.S. 2 L. flying boats and fourteen Moths.

In the meantime, the H.S. 2 L. flying boats had become entirely obsolete, and the Department of Transport at Ottawa had refused to renew their Certificates of Air Worthiness. They were therefore destroyed, and in September of 1934, at which time the present Government took over, and making allowances for losses and crashes which had occurred up to this time, the Service had as its entire complement of aircraft fourteen Moths, two all-metal Hamiltons, two DeHavilland 61's, one Vedette, one Fairchild 71-C and one Fairchild K.R.-34 which had been purchased by the Forestry Branch for use at Algonquin Park, and was not charged to the Air Services' operating costs, or a total of twenty aircraft in all.

By this time, sixteen strategically located bases had been established, from which the aircraft of this Service were operated, and the distribution of aircraft to these bases was done in accordance with directions from Toronto, and having regard for the fire hazard encountered in each district and the facilities available for the transport of men and equipment. These bases were as follows: Algonquin Park, Biscotasing, Caribou Lake, Fort Frances, Goose Island, Ignace, Kenora, Oba Lake, Orient Bay, Port Arthur, Remi Lake, Sault Ste. Marie, Sioux Lookout, Sudbury, Twin Lakes, and Whitefish Lake; and, for administrative purposes, the Service was divided into what we have termed an Eastern and Western division, the dividing line between these two divisions being essentially a North and South line following the East side of Lake Nipigon. Each district was under the jurisdiction of a district Superintendent.

There was no further aircraft additions in 1935, but during this period the Service undertook to build four Buhl aircraft, and the first two of these were put into service in the summer of 1936. These ships constituted a new class of aircraft in the Service which we have designated as a semi-suppression type, combining the factors of reasonable operating costs together with the ability to carry a pay-load of approximately 800 pounds. This departure came about through the combined request of all district Foresters in whose districts aircraft were in use, as being the best solution to the combined problem of detection and suppression.

In the following year, 1937, two more Buhls were added and two model S.R.-9 Stinson Reliants were purchased from the Stinson Aircraft Corporation of Wayne, Michigan. The Stinsons were again of the semi-transport type. In 1938, two more Stinsons were purchased from the Stinson Aircraft Corporation, and two others of the same model were purchased from the then liquidating British American Airways.

Having regard for losses which occurred during the period 1934-38, the Service now has a complement of twenty-eight aircraft, made up as follows:

12 D.H. Moths	1 D.H. 61
6 Stinson Reliants	1 Vedette flying boat
4 Buhls	1 Fairchild 71C
2 Hamiltons	1 Fairchild K.R.-34

The location of these aircraft and their respective bases as of 1939 is shown in the accompanying list. The demands of the Branch have necessitated that certain bases listed in 1934 be closed, and that others be opened, and the Service is to-day eighteen bases as shown in the accompanying list.

The Department has found it advisable to augment the tower system for detection purposes, and the establishment of this system has somewhat reduced the demands upon this Service in this direction—I take it for granted that that means of our Service—but it has already been found that the speedy method of transporting men and equipment through the use of transport and aircraft, has enabled the fire fighting forces to take action upon, and suppress fires which would ordinarily have reached the out-of-control stage, had this speedy means of contact not been available.

We now find that the demands upon this Service are becoming more and more in the direction of suppression, and less and less in the direction of detection.

It will be noted that all recent additions to the Service—

Q. Just at that point, would you explain, for the purpose of the record, how you distinguish clearly between the extent of the Service in suppression and detection?

A. Colonel, the detection is when you have a ship go up for the purpose of detecting the fire, and then go back to report, and to secure other means of transporting the men and material—in other words, to report the fire only. The suppression is to be able to go down on to the fire and have the equipment with you. That is the two different kinds of craft.

It would be noted that all recent additions to the Service have been of the transport type, and during the period 1934 until the present time, the total carrying capacity of the Service's aircraft had been increased by approximately three tons.

We are to-day operating fifteen transport aircraft, as against six in 1934.

For administrative purposes, the Service is still divided into an Eastern and Western division, but the District Superintendent in the Eastern division has been dispensed with, and the director of Air Service administers this particular branch of the Service personally—that is George Ponsford is responsible for the Eastern division. The Western division is still administered by a Western Superintendent.

There are some pertinent facts that I would like to bring to your attention, covering the administration of this Service for the last five years. We have not only expanded the Service from twenty-one to twenty-eight aircraft, and increased the load carrying capacity of our fleet by an aggregate of three tons per flight

of all aircraft, but we have done this at a saving to the taxpayers of Ontario of approximately—I should have stated this before—$900,000, when the costs of operating this Service—

Q. What is the correct figure?

A. I knew it was wrong as soon as I saw it. It should be $900—I was looking at the figures from a different standpoint, but through the same glasses—at a saving to the taxpayers of Ontario of approximately $900, when the costs of operating this Service during the five-year period 1929-30 to 1933-34 are compared to the costs of operating it for a similar five-year period of 1935-36 to 1939-40. This has been accomplished through a complete reorganization which started in the fall of 1934 and involved, first, a reduction of staff from 101 in 1934 to a staff of 81 in 1939, which complement we have never found it necessary to exceed in spite of the fact that we are operating seven more aircraft and two more bases.

Second, the gathering up and converting to our use of approximately a two-year suply of gasoline and oil, which was found in 1934 to be spread all over the Western section of the Province, and at points which were not only beyond our fire boundaries, but at points which the Air Service had discontinued to use. These supplies were brought to our active bases by various methods, including winter transport, and were finally used up, and we have to-day no supplies of gasoline or oil at any of our bases which are in excess of two years of age. I might add that part of the supply referred to above had been in the bush for periods ranging from four to seven years, and much of it had to be reclassified and filtered, due to the fact that time and weather action had obliterated the grade markings.

Third, for this purpose, the Service purchased an oil filter, and all used oil when drained from the engine crank case, is now filtered and used over and over again.

Fourth, Standardization particularly of engines, and partially of equipment, together with resulting lower stores' inventory, has produced further savings.

Fifth, much closer supervision of flying activities has materially reduced the annual aggregate of flying hours, together with the cost incidental thereto.

Sixth, the addition of transport aircraft to our fleet, although increasing the cost of operating this Service, has enabled us to operate virtually without the assistance of commercial aircraft, and this has resulted in very substantial savings to the Department as a whole in that purchased flying has been reduced very materially. Although this saving is not reflected in the administration of the Air Service, it is reflected most favourably in the aggregate cost of administering the whole Department of Lands and Forests.

The next question is the number of acres under protection:

1934, 102,340,000 acres; 1939, 102,500,000 acres.

The number of foresters: twelve in 1934; twelve in 1939.

The number of steel towers: 143 in 1934, and 174 in 1939.

Number of miles of telephone lines: In 1934, 3,735; in 1939, 4,097 miles.

Number of trucks and cars: In 1934, 98; and in 1939, 106.

Number of blankets, pairs: 1934, 8,203; in 1939, 9,234.

Number of tents: 1934, 1,179; 1939, 1,272.

Number of boats: motor boats: In 1934, 39; in 1939, 33; canoes, 1934, 820; in 1939, 1,000.

Number of outboard motors: 1934, 148; 1939, 210.

Number of railway motor cars: In 1934, 41; 1939, 46.

Number of velocipedes: In 1934, 112; in 1939, 103.

Number of binoculars: 1934, 154; in 1939, 177.

Number of fire pumps: 1934, 500; 1939, 569.

Number of hand pumps: In 1934, 2,871; in 1939, 2,504.

Amount of hose, in feet: I thought that should be feet in hose, should it not? (Laughter.) Well, we will put it in the way it is: hose in feet—besides, this is not the kind of hose some of the boys are thinking about.

Q. This is not the kind of hose you were talking about yesterday?

A. In 1934, 1,161,320 feet; in 1939, 1,638,500 feet.

Number of cabins: In 1934, 321; in 1939, 453.

Number of other buildings:

Q. What is that?

A. Number of other buildings.

Q. I thought you said "mother buildings" and having spoken about velocipedes, I was in doubt?

A. Number of other buildings: In 1934, 414; in 1939, 483.

Number of hose towers: In 1934, 57; in 1939, 60.

Number of wooden lookout towers: In 1934, 91; in 1939, 84. The explanation of that is that we are replacing them by steel. While the wooden towers are decreasing in number, we are increasing in steel towers.

THE CHAIRMAN: Q. Mr. Heenan, you mentioned I believe, a certain number of velocipedes in use by the Department of Lands and Forests. What are they used for, exactly?

A. They are used on the railways. There are various points along the railways where we have fire rangers located, and if anything comes along they jump in the velocipedes.

The next question is, I think, too much in detail: Regular men on duty at various times, and extra fire fighters. My men have got it out from 1930 to 1938, the regular men on duty, and they have got it by the months, in fact they have got it by the two weeks. And then they have got the extra fire fighters called in, by the years, the number of men each year.

Will you look at it yourself, as I am not sure whether you want to put it on file or not. Then I will read it, if you like.

MR. DREW: I think it would be very much better if this were filed as an Exhibit, and then, if there is any point which we think is important for questioning, we can deal with it.

HON. MR. HEENAN: What I have been giving you already is dry enough, but this is terribly dry. We will have to go back to the O.T.A. days to read this.

Q. The statement so far has been fairly dry, but the Minister has made it extremely interesting. It reminds me of a speaker who stated as to Mr. Roosevelt that nobody ought to listen to him, as he would make anything interesting.

THE CHAIRMAN: This is a statement showing the number of men under the Chief Rangers, and also a statement showing the extra fire fighting men, in addition to the regular staff employed, from 1930 up to 1938 inclusive. You might give that statement to the stenographer.

EXHIBIT NO. 3—Filed by Hon. Mr. Heenan: Statement showing number of men under the Chief Rangers; also a statement showing the number of extra fire fighting men, in addition to the regular staff, employed, from 1930 to 1938, inclusive.

HON. MR. HEENAN: I imagine, Mr. Chairman, you want to do the same with this next one, as to the classification of fires over the number of years.

MR. DREW: Q. Is there one of these for each year?

THE DEPUTY MINISTER: This is one which appears in the Annual Report for 1938, plus the summary of the years before for each year they appear in our Annual Report. This might go in as a statement.

THE CHAIRMAN: Exhibit No. 4: A statement filed by Mr. Heenan, being the classification of various areas burned over during the summer of 1938, together with a summary of the areas burned over in the preceding years.

EXHIBIT NO. 4—Filed by Hon. Mr. Heenan: A statement showing the classification of areas burned over during the summer of 1938, together with a summary of areas burned over in preceding years.

THE CHAIRMAN: Exhibit No. 5, also filed by Mr. Heenan, is a chart showing the organization of the Department of Lands and Forests.

EXHIBIT NO. 5—Filed by Hon. Mr. Heenan: Chart showing the organization of the Department of Lands and Forests.

THE CHAIRMAN: Order, please.

HON. MR. HEENAN: Colonel Drew asked for the peak years of consumption by Canadian Mills from the Thunder Bay district, in any one year—the highest peak, as I understand the question.

1937 is the peak year. In that year the Thunder Bay Company, the Fort William Company, and the Great Lakes Company used 268,515 cords—

Q. That is the two companies together?

A. The three mills, that is to say, the Thunder Bay and the Fort William —those are the Abitibi Companies—and the Great Lakes. Those three combined used 268,515 cords.

In addition, the Provincial Company used 67,202 cords.

The Ontario Paper Company, which is located, as you know, at Thorold, Ontario, are now taking some of their supplies from the Thunder Bay district, 90,000 cords.

THE CHAIRMAN: That is all in the same year?

A. Yes. That makes a total of 425,715 cords.

MR. DREW: Q. So that we arrive at the figure then that in the year 1937 the consumption of pulpwood by the Ontario mills using pulpwood from the Thunder Bay district was 425,715 cords?

A. That is right.

Q. Then you gave us, last Friday, a figure of permissible cut for the Thunder Bay district. What was that figure?

A. 740,000 cords.

Q. 740,000 cords, is that the total permissible cut for the Thunder Bay district?

A. Yes and no. I mean for accessible wood. We are not taking into account country away to the north. 18,000,000 acres in the Thunder Bay district.

Q. And that is inclusive of all lands?

A. Crown lands only.

Q. Then what is the policy in regard to other lands?

A. We have no control whatever over the privately owned lands.

Q. There is no control over the privately owned lands?

A. No, not such as settlers' lands and other such lands. They have passed from the Crown.

Q. And your figure from all lands for the year 1938 was what?

A. Do you want the same year, 1937?

Q. 1937 and 1938, I would like, if you have them there—have you also 1939 there?

A. Yes.

Q. Then I would like 1937, 1938 and 1939.

THE DEPUTY MINISTER: The figures for 1938 were incorporated in the evidence the last day.

Q. Yes, I see the export in 1938 from Crown lands was 324,842 cords, and from other lands, 388,212 cords, making a total of 613,000 cords?

A. That is 1938 that you are reading out?

Q. Yes?

A. And you have 1939 now.

Q. Yes?

A. From Crown lands, 258,635 cords; private lands, 174,506 cords; total 433,141 cords.

Q. As I understand, Mr. Heenan—

THE CHAIRMAN: Have you got the value of that for 1939?

A. $3,516,942.02. Now, we have some information with respect to Indian lands, which the Colonel wants.

MR. SPENCE: Does that export include poplar?

A. Everything.

THE CHAIRMAN: Before we go further, Mr. Heenan, you said that in 1937, which was the big year, the consumption of wood by the different companies you mentioned was 425,715 cords. Is that the quantity of wood that came from Crown lands, or from all lands?

THE DEPUTY MINISTER: From all lands. It includes wood from privately owned lands as well as from Crown lands.

THE CHAIRMAN: Q. Have you any information as to the quantity which came from privately owned lands?

THE DEPUTY MINISTER: I think about 23 per cent came from privately owned lands.

Q. That would be practically 100,000 cords, then?

A. Yes sir.

MR. COOPER: Q. That wood which was consumed by these mills, did that not include a percentage of poplar?

A. Yes, about 15 per cent.

Q. When you gave the permissible cut, that did not include poplar?

A. That was spruce and balsam. The companies are getting to using more poplar than formerly—an average of about 15 per cent.

THE CHAIRMAN: 15 per cent would be approximately 4,000 cords, which would leave 361,000 cords, roughly, of balsam and spruce, and you say that about 23 per cent of that would come from lands other than Crown lands; so that the cut from Crown lands would be approximately 275,000 cords of spruce and balsam for that year—is that approximately correct?

A. That is about correct.

MR. W. G. NIXON: Q. Would the bulk of the poplar be from private or from Crown lands?

A. Both again. I could not give you the exact percentage. The companies cut spruce and balsam, and if they come along to some poplar they naturally cut it down. And they will buy some, as well.

I am wrong there, the 23 per cent is the jackpine and poplar, other than spruce and balsam.

MR. DREW: Q. Now, having regard to the figures which you have just given, what strikes me is that the peak consumption by our Ontario mills was in the year 1937, when they consumed 425,000 cords; and there was exported in 1938, 612,000 cords. So that we have at least in one year exported considerably more than the total consumption in the Ontario mills. That is correct, is it not?

A. No. Colonel. You are still insisting upon adding in the cut from private lands.

Q. In this respect, I am not referring to that at all. The figures which you gave for 1937, for the consumption of pulpwood by Ontario mills, for the Thunder Bay district—we are only referring to the Thunder Bay district—was 425,000 cords, which you said included the cut from both Crown lands and other lands. What I am pointing out is that the export for 1938, which was the peak year of export, which included also export from Crown lands and from other lands, was 612,000 cords. I am simply observing that we exported in that year considerably more forest resources than we have consumed in any year in Ontario mills—is that right?

A. Well, without having those figures before me, Colonel, I am sure you are wrong again, because you are including the whole of the Province.

Q. Have you the breakdown of the export? You gave us figures of export of 612,000. Have you the breakdown of those figures?

MR. CAIN: I think we can let you have them in a moment.

MR. DREW: That is fine.

MR. COOPER: Q. Was there not pulp timber imported into the Thunder Bay district?

A. Into Ontario. There is pulpwood coming in to Ontario.

Q. Where does it come from?

A. Well, the Ontario Paper Company, for instance, has been importing until this last couple of years over 100,000 cords. I think it is 150,000 cords from Quebec. Then, the Abitibi at Iroquois Falls buy some for their Iroquois Falls mills from Northern Quebec.

Q. Have you the figures of the actual imports?

A. And then the M. & O. at Fort Francis buy from Manitoba, Saskatchewan and I believe Alberta.

Q. That pulpwood is brought into the Province and processed here?

A. Yes. You see, the old Fort Francis mill never had an area of timber land set aside for them.

MR. DREW: Q. Never had what?

A. An area of timber set aside. It was the first mill in that part of the country.

MR. COOPER: Q. In order to get a true picture I think we should have the imports and exports.

A. It is all right in figuring out the question of conservation and utilization of forest areas. At Kenora, I know they have been up to this last year or two—whether they do or do not now—buying from Manitoba and trucking it over the Trans-Canada Highways. Those things happen at the border and you cannot help it very well. There is no law that I know of to stop Interprovincial trade.

MR. DREW: Q. Does that involve any substantial amount?

A. I would really like to give you the figures.

Q. I think we should have them.

MR. CAIN: They can be secured from the Dominion statistics. There is Quebec wood coming up from Quebec and going through Ontario ports to the United States, and the figures of the Dominion Government will indicate it as coming from Ontario whereas it comes from Quebec. A real up to date breakdown would have to be shown by the Dominion Government.

MR. DREW: Well, whatever the method be, or the best way you say to get it.

Q. On this discussion of export, I take it, Mr. Heenan, that you have adopted as a policy now a definite departmental policy that the old idea of the manufacturing clause should not be recognized—that the old limitation of the manufacturing clause should not be recognized. Is that right?

A. No, I would not like to say that. Maybe you had better run over the story again a little bit. By the way, it is not departmental policy, it is government policy.

Q. Well, then, government policy.

A. When we came into office—and that is the only time I had anything to do with it—we found that there had been export of pulpwood for whatever reasons—there were various reasons given—but being permitted under different methods. There was what we call the substitutional clearances. That was one method. Then the Minister did it in a different way by—of course, some of it was by Order-in-Council—permitting contractors or exporters to export from burned over areas and green timber, because of the unemployment situation. Now, when we come into office I was met by a delegation of members of the Board of Trade and Town Council, political bodies at the head of the lakes, contractors pointing out the large number of men they had unemployed all through that North country, and that this should be opened more fully so that everybody would know that they could go and secure contracts, and they urged at that time that it should be left—be made for a period of years—the reason was that they feared they could not go to the American buyer and just get one year's business. In other words the fellow who was buying, the American publisher, or the American producer, might not want to quit where he was purchasing his supplies for the sake of one year. They wanted it to be continued over a period of years.

Then they came down and met the Cabinet. I am not going to blame the Cabinet, I am going to take the full responsibility of it, but they impressed me

with their plight and with their arguments to the effect that we had such a large amount of pulpwood in that country that was matured and should be cut down and utilized, giving men work instead of relief, so that we passed an Order-in-Council authorizing the Minister to arrange with the pulp concessionaires to permit these men to go in on the various watersheds or rivers or streams in order to cut, but for one year. It was from one year to the other, to meet the situation of unemployment at that time, and as you know the unemployment situation has not bettered very much from that time, so we have been extending it from year to year.

So it is far from being a set policy, that we are going to continue to export, but as I said here the other day, and I want to repeat it again—and in this I have to agree with a very eminent statesman who visited here from England a short time ago—that it would be much better for Canada and Ontario if we could manufacture that raw material into the finished article in Canada, and just as soon as we can get in industries, no matter how small or how big, to utilize our timber resources, this Government will curtail the exportation of pulpwood in accordance with the conditions. So, it is far from being a set policy of the Government to export and continue to export.

Q. I may have misunderstood you, but I understood you to say last Friday that the policy was to encourage export to as high a point as possible?

A. That is right, but if you will follow the evidence—and if it is not clear I will make it clear now—to contend with the unemployment situation.

Q. Yes. Well now, there is of course a very serious lag in our own pulp and paper industry?

A. You are speaking now of newsprint?

Q. Yes, the newsprint industry.

A. Yes.

Q. That is our most important pulp and paper industry?

A. Yes, that is the major industry. It is very serious.

Q. And there is a good deal of unemployment in connection with that industry at the moment?

A. Yes.

Q. And you explained the other day that this export of pulpwood to the United States was to mills over there which were not making paper?

A. That is right—newsprint.

Q. Not making newsprint, and from that I gathered that you meant that the export was not interfering with the consumption of pulpwood in the plants in Ontario?

A. Not interfering with the competition of our newsprint mills in Canada.

Q. In that respect is it not correct that some of those companies which are importing Canadian pulpwood from Ontario into the United States into certain mills are also through their own companies, or subsidiaries, making newsprint in their places?

A. Well, the question as you put it, Colonel, is—I do not think I can answer it fairly. I think what you are leading up to, so that we will get the information right, is that you fear that either the raw material or the pulp manufactured from ours might be transferred to a newsprint mill or some subsidiary company, or so on.

Q. What control over that have you, or what system of inspection have you?

A. No control except the affidavits of the men who export, that it will not be used, then we have—

Q. You mean the affidavits of Canadians who are exporting?

A. Yes.

Q. That it will not be used?

A. That it will not be used in newsprint. Then we have affidavits—I am not sure that we get them in all cases from the buyer—that it will not be used in newsprint mills, but we have probably a better factor than that to insure, because the purchasers of the pulpwood are so far removed by distance from a newsprint mill that I think it is out of all question of economics to ship that wood from the pulp to newsprint mill.

Q. Well, reduce it to a practical proposition: What company is the biggest or largest importer of pulpwood from the Thunder Bay district?

(No audible answer.)

Q. What American company is the largest importer of Ontario pulpwood from the Thunder Bay district?

A. The Consolidated.

Q. Where is their mill?

A. I think their whole consumption is about 180,000 a year. This does not answer your question. This is not from the Thunder Bay district, this is from the whole of Ontario.

I think I had better answer that question to-morrow, but I am fairly certain that the largest mill is the Consolidated, which uses in their mill 180,000 a year—that is, from all sources. They get that pulpwood from all sources.

Q. The Consolidated?

A. Yes; they do not get all of that from Ontario.

Q. Most of it would be from Ontario; would it not?

A. No, not yet. They will be getting it.

Q. Why do you say they will be? Are they getting it from some particular area?

A. I was thinking about the Kimberley-Clark which is on the Long Lac.

Q. Is that the pulpwood supply?

A. The pulpwood supply. They are in on that.

Q. You mean that ultimately Kimberley-Clark will be getting all their pulpwood from the Long Lac district?

A. Oh no.

Q. I thought that is what you said?

A. No; they will be increasing. Well, let us see if we had not better put this on the record. This is a table of the companies to which pulpwood cut on Crown lands has been exported, 1931-38. The reason that I said this would not give you the picture was that I was concentrating on Thunder Bay district, but this is from all districts.

Q. Of course it would not give the picture in any event because as you have just pointed out the Kimberley-Clark Company will be very largely dependent on the pulpwood cut in the Long Lac area under the control of the Pulpwood Supply Company Limited. Is that not so?

A. Yes. There are several companies mixed up in that so they will only get a certain share. The Consolidated Water Power & Paper Company, which is located at Appleton, Wisconsin, export from 1931 to 1938 inclusive was 61,430 cords.

MR. COOPER: Q. I understand that mill is at Wisconsin Rapids?

A. Appleton, Wisconsin.

Q. I am told that is not so.

MR. DREW: Have you been at Appleton?

THE DEPUTY MINISTER: It is cleared through Appleton.

MR. DREW: Q. Have you been there at any time?

A. Where?

Q. At Appleton.

A. At Appleton, no.

Q. I am only making the observation that you will find while our mills are idle and men are unemployed the Appleton mills are running full time on Ontario pulpwood. Thit is the reason I am particularly interested in that picture.

A. Well, you see again you are getting things mixed in this way, that our mills that are manufacturing the same as this are not on part time here. All those companies now, as I understand it, that are manufacturing the same class of material are working full time. We must not get our wires crossed between newsprint mills and specialty paper mills.

Q. They use the same kind of wood, do they not?

A. Yes, sure.

Q. Who is the man in charge of Consolidated who directs the affairs of Consolidated Water & Power Company?

A. Mr. Meade.

THE DEPUTY MINISTER: George W.

MR. DREW: Q. And is not Mr. Meade also connected with mills which are turning out newsprint?

A. No, sir, that is another Meade. One is known as the Dayton Meade and the other is known as the Wisconsin Meade. The newspaper is George H. Meade, Dayton, Ohio. He is connected with the sales agency of the Abitibi.

Q. Do you mean by that that you understand that the Meade who is connected with Consolidated Water Power & Paper Company has no connection with any newsprint industry in United States?

A. That is my understanding of it. He may be a shareholder or something like that.

Q. What is your impression with regard to Mr. Sensenbrenner? Has he any connection with any newsprint industry in the United States?

A. Well, he is President of the Spruce Falls Kapuskasing Pulp & Paper Company that manufactures for the New York Times at Kapuskasing.

Q. And has he no newsprint connections in the United States that you know of?

A. No.

Q. And when you speak about the fact that it would be practically an impossibility for this pulpwood to be used for newsprint work in the United

States, why do you say that? Are the newsprint mills located in some areas where they would not likely buy it from Ontario?

A. Yes, such a large distance from the point where they import our pulp wood.

Q. Where are the main newsprint mills in the United States?

A. (No audible answer.)

THE CHAIRMAN: Q. Well, have you the information?

A. We cannot give you the pricture of the newsprint mills in the United States just now.

MR. DREW: Q. I am not concerned with the details of the operation of the mills in the United States, but with the fact that 612,000 cords of timber resources were exported from Ontario in 1938, and I must admit that I personally still hold the belief that it would be wise if we were preventing that export within reasonable limits to try to induce the manufacture in Ontario. Your answer to that proposition is that that export does not compete with our manufacturing plants here because it is not being used for the production of the type of product we are making here and I think it is of the utmost importance that we know in exact detail just what measures your department has taken to assure that that 612,000 or such part of it as is being used for any type of production which might compete with Ontario, is being actually consumed in United States for some other purpose?

Let me illustrate my point. We might, for instance, have in Ontario a number of bakeries dependent upon wheat originally and flour ultimately. We might have another type of industry such as the Shredded Wheat industry also dependent on wheat, and if we were trying to enforce manufacturing here I do not think it would be enough to say that the exported wheat was going to the Shredded Wheat Company in the United States unless we can make perfectly sure that in doing so it is not greatly reducing other wheat that would have been required in any event if we had not shipped it. Do you follow what I mean?

A. Yes. Well, Colonel, I think that it may be before this Committee rises that you will want to satisfy yourself on that point by direct evidence. Pardon my observation. I am making too many comments for a man that is in the box here, but I am trying to be helpful.

Q. Yes?

A. I do not know that we can subpoena any of those Americans to come over here. I do not think we would have that power, but I am satisfied that any one of them or all of them would come over to give testimony as to what is really done with their pulpwood.

Q. I feel sure they would. They are too dependent on our mutual goodwill not to come if we should ask them. I do not think they would hesitate for a

moment. I am only pointing out that as a practical business proposition there is no doubt but that any of them will come here when we ask.

A. All right.

THE CHAIRMAN: This Committee stands adjourned until to-morrow morning at 10.30 a.m.

(At 1.00 p.m. Wednesday, January 17th, 1940, the Committee adjourned until Thursday, January 18th, 1940, at 10.30 a.m.)

FOURTH SITTING

Parliament Buildings,
Toronto, Thursday, January 18th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver and Welsh.

THE CHAIRMAN: Order, please.

Mr. Cain is to be the witness this morning. I see Mr. Cain has arrived.

WALTER C. CAIN, Sworn. Examined by THE CHAIRMAN.

Q. Mr. Cain, you are the Deputy Minister of the Department of Lands and Forests?

A. Yes, sir.

Q. I see, on the wall, here, three maps which come from your Department?

A. Yes, sir.

Q. I think we might just as well identify these maps by marking them as Exhibits 6, 7 and 8?

A. Mr. Chairman, may I make the remark, that inasmuch as you are designating them as Exhibits, that does not mean that you are going to take absolute control of them, for the moment. You will permit us to have them back in the Department?

Q. Oh, yes?

A. It may be possible for us to make photographic copies of them, having them reduced, so that you may have them to refer to just as the charts.

Q. The Committee may want to refer to them later on, and it might be well to have something to differentiate one of them from the other?

A. Yes, sir.

MR. DREW: I think it would be well to follow the suggestion made by Mr. Cain.

WITNESS: Already, Mr. Chairman, we have Exhibit No. 1, on a smaller scale, in this book which was put in the other day.

THE CHAIRMAN: And you will file photographs of these two other maps, here—the first two on the left?

A Yes, sir, just so.

THE CHAIRMAN: And they will be marked Exhibits 6 and 7; and we will dispense with the marking of the third one.

WITNESS: All right.

Q. Would you mind coming over to this other side of the room and explain the maps to us?

A. Might I suggest that you start with this one, which was Exhibit No. 1; this is on a larger scale than the one that was marked as an Exhibit a few days ago.

This is just a brief explanation of that map. In the first instance, these outstanding red darts indicate the location of our various fire fighting planes or seaplanes. I will give you the names of those places later on.

This map affects to show the forest regions of the whole province, based upon commercial needs rather than upon geographical contour. I say that for this reason, because as I undertake to develop this I will show you that, while specific areas have been so designated and will indicate primary types of timber, some instances of those types may be found elsewhere in the province, only on a smaller scale.

For that reason, this map has been produced on a commercial basis with respect to the species of timber.

Now, Number 1 on the map is the forest region which we roughly term the Ottawa-Huron area; and that area has been subdivided into the west portion—we called this block 1, and this other 1A.

This block a takes in this portion of old Ontario, part of the Ottawa valley and the rivers flowing into the Georgian Bay, and it has the purpose of indicating the commercial types in timber, the hardwoods, hemlock and conifers, growth of red and white pine, those are the growths which predominate in that area.

As we extend westward, taking 1A, we find that certain types of timber predominating in this area, like hemlock and red and white pine, tend to reduce,

while certain other types of hardwood, like ash, elm, and so on, practically disappear, and it leaves this area, 1A, from the hardwood point of view, to birch and maple. It is for the purpose of defining this feature that we made this 1A. Certain types tend to disappear in the Western section. That is No. 1.

Would you mind my making a remark or two on these various regions as we pass, because I think some of these references will be of direct interest and concern to the Committee, in order to enable the Committee to get a fair picture of the whole of the forest industry of the province. And I feel, myself, if you do not mind my expressing myself, that too frequently extraneous issues are thrown into the picture, which tend to detract from the viewpoint as a whole.

Now, within this area we have some very serious problems, because this covers a portion of land within old Ontario which had been thrown open for settlement years ago, with little regard to the agriculture value or to the tillable quality of the land within that area; and an old Government, away back in 1883, feeling the necessity for protecting itself from the taking up of land simply for timber purposes, established this Algonquin Park, which contains some 2,740 square miles, and the various purposes which were intended to be served by the creation of that park, I can conscientiously say have been held during the past thirty-five years. No foot of land in that area has been sold.

Large quantities of timber within that area have been covered by licenses—licenses which were granted before the establishment of that park. True they were perpetual licenses, and these old perpetual licenses have existed for somewhere near a hundred years—I think the oldest license was issued in 1840.

Now, in order to bring that area which is under timber license and the whole system into what we might call perpetual ownership of the province, in 1927, mainly because the timber interests considered that they had a perpetual right, and always maintained that claim, and all successive Governments recognized their interests in it, because in many instances these old timber licenses, held by various companies, had been lodged in banks and held as collateral security for advances made in connection with the operation of those timber licenses; and, as I say, up to the present, every successive Government has recognized those timber licenses, subject only to the interests of the Crown to the collection of Crown dues.

In 1927, following the consultation of all the interests, we manage to amend our Provincial Parks Act to provide that after a certain date these old licenses would cease to exist and they would all come back to the Province of Ontario, to be dealt with as and when the interests of the public deemed wise.

Now, the present Act provides that in respect to the hardwood timber, those licenses cease to exist in 1945; and the pine licenses will cease to exist, I think, in 1960. In other words, at the expiration—

MR. DREW: Q. You said in 1945?

A. In 1945, the hardwood licenses cease; and in 1960 the pine licenses will cease. That is provided for by the present Act.

Now, then, to be frank, I might say this, that that does not necessarily mean that the cutting of timber ceases in the Provincial Park, because they have been cutting timber there for seventy-five, eighty or nearly a hundred years, and I fully believe they will be cutting timber there for the next hundred years, provided we continue to apply full management, whereby such a system of cutting may be carried on.

That is, in my view, one of the important steps which have been taken towards a situation improving the forest management of the Province of Ontario.

I thought it only well that I should make that remark, because it was one of our serious problems when we were attempting, for instance, to limit those cutting under a proper size, because they said, "We own that timber and you can not control us."

But by discussions we have got those lumber men to change their attitude.

The changed attitude of the operator, and the changed attitude of the scientifically trained forester has so changed because, as a fact, there was such a great gap between those two interests, and has been for years. But that gap has been very materially, if not entirely, bridged.

I wanted to bring that out because I feel that that is, during the last two decades, one of the most important steps taken in Ontario; and it had a scientific basis for managing our forests.

We have got that gap bridged, and the scientific forester, who paid little attention in the old days, too little attention to scientific things, and the timber operator now realize that there are very many important factors—I may be saying too much, but I want to express my opinion, because I feel this has a direct bearing upon the considerations of your Committee in connection with the handling of the timber resources of the Province.

MR. DREW: May I say this, that so far as I am concerned I do not want the explanation limited in any way. I want to explain clearly that there are certain lines of questions I propose to follow, as soon as that is opened up; but I agreed readily with the introduction of evidence which was given yesterday, and I heartily concur in the introduction of this to-day. I do not want it limited in any way.

WITNESS: Thank you. But I felt we should record the general development that has taken place towards the bringing about of what is not by any means, I am free to admit, a perfect practice yet. After we have been in existence for a couple of centuries, it may be better; although I am telling you frankly that I do not know that there is any country to-day in the world from which we can profit very much.

MR. COOPER: Q. Can you estimate the amount of timber involved in the area which you have described?

A. It is already in these books. We have already given it in evidence.

Q. Do you know it by heart?

A. Well, the whole thing—there is approximately 200—

Q. In the area you are describing?

A. In Algonquin Park? I can not pick out any particular part and tell you the quantity of timber in it; but it can be done readily enough and have it for your purpose.

Q. I understand you to say that in 1945 the hardwood will be back in the Crown. How much is involved that will come back?

A. That I can not tell you offhand. The licenses now in existence come back to us, and then the Government is in the position to take whatever action it desires in respect to the disposition of the timber.

HON. HARRY NIXON: Were we not in that same position some years ago? Were not the licenses renewed?

A. They were renewed annually. Technically it was held by legal lights that these licenses, being only annually renewable by the Crown, that the holder had nothing at the end of each year, except by the grace of the Government. That is the position. But no Government undertook to say, We are not going to give you any further rights.

Q. What different position then is the Government going to be in 1945?

A. We are in the position that we are able to dispose of this timber area in any way we wish. Up until now we have been in the position, as to those licenses, of being limited to the amount of money we can get from that timber for Crown dues. After this we will be able to get not only the Crown dues but the bonus on top of the Crown dues. In other words we have been limited by the so-called perpetual licenses.

MR. DREW: Q. Was not the position behind that ruling simply this, that regarding the strict interpretation of those documents, an industry had been created on the understanding that there would be perpetual licenses, and that there should be some period allowed during which they might work?

A. Yes. And, as I remarked before, in many instances these assets had been pledged to the banks as security for loans from the banks.

Q. It seemed to me that Mr. Cooper raised an important point there. As you have pointed out, it is important to understand that in this broad picture that we are trying to create, you can not deal with the whole thing on the basis of experience in any one locaity?

A. Oh, no.

Q. And the comparative importance of any particular locality and the things which took place in any particular locality does depend upon the particular

stand of timber in that locality. And it seems to be a very valuable basis for this Committee that we should have the stand of timber in each year broken down?

A. We will be glad to give you that.

In explanation of that, I might say that these old areas, that were disposed of sixty, seventy, or eighty years ago under the old forms of licenses, were never estimated in the old days, but were just jumped at. In those areas, due to the fact that we were limited just to our Crown dues, we have not made any effort to estimate the stand of timber. However, we will do the best we can for the information of the Committee.

Just following up that reference which you made, we can bring over for the information of the Committee a map on which we have indicated the locations of the various sawmills in the Province of Ontario to just give some little idea of where these smaller industries are situated. I think it has a bearing.

Now, that is Forest Region No. 1 (indicating).

This is 1-A, as I explained to you before, and certain dominant types disappear as we go up here, and the largest species with which our Department is concerned is limited to the Birch and Maple.

Let us go briefly to No. 2. No. 2 is what we term the Sudbury region, and that is where our main pine areas are being developed and brought into productivity in the eastern part of the Province. In addition to our red and white pine in this area No. 2, we, of course, have a certain amount of white spruce and black spruce but the dominating type is red and white pine along with a scattering of birch and maple.

Now, that is an area which is very much akin to that since it predominates in red and white pine, as does the Rainy River region, which we marked as No. 3. That is a red and white pine region and within that red and white pine region we have what is known as the Quetico Park, the only difference at all between No. 3 and No. 2 being that the red and white pine species are about fifty-fifty, whereas in this area (indicating) the white pine is about 80.

MR. DREW: Q. As a matter of record, this area will not be cleared, whereas in No. 2—

A. Whereas in No. 2 the white and red pine—white and red pine is about 80 and 20 respectively.

Within this region 3 we have Quetico Park, and there are no conditions obtaining in Quetico Park similar to those of which I spoke of in Algonquin Park because the Government controls those licenses themselves under different periods, but the same situation does not obtain.

Now, I think this region is No. 4 on the map (indicating). This is what we call the Lake Superior region where the black and white spruce along with some jack pine prevails.

In passing I might just remark in order that the Committee may not get any misconception of our figures that this area here we have not just examined or scaled to the same extent as we have this other green portion in here. (Indicating.) We have here and there certain areas that have been examined but not to the same intensity as in other sections. That is No. 3.

MR. DREW: No. 4.

THE WITNESS: Now, No. 5 I think will be the Central Divide region. It is the area denoted in green. This is known as the Central Divide which means, of course, that the rivers this way (indicating) go to James Bay and Hudson Bay, and over in this Western section they go to the English River and the Winnipeg River and into Lake Winnipeg. This Central Divide, No. 5, is a great band of spruce and jack pine. I think you will find the soil conditions in this Central Divide play more or less an important part in connection with our fire prevention system. In the land in here (indicating) the soil conditions are very light, lighter than they are down here. (Indicating.) The precipitation is considerably less than it is here. This west part or rather I should say this east part of the Central Divide is largely a river country whereas the west part of the Central Divide is a lake country.

MR. DREW: Q. Might not the dividing line be somewhere around Fort Frances?

A. I think generally speaking our dividing line is around Nipigon.

Q. As far west as that?

A. Yes; about Nipigon. That is No. 5, and then we have No. 6.

Q. I think it is very important that we keep this clear as we go along. Is not there a good deal of lake country northeast of Nipigon?

A. Oh yes, more or less, but we are just speaking now generally of the east portion which might be termed a river country, and the west portion a lake country.

Q. With Nipigon as the approximate dividing line?

A. Yes. The next region we come to is No. 6, and this is called the Clay Belt region, tinted in blue on this map, with two additions here, away west. (Indicating.) This is where our great black spruce specie obtains, and mixed in with that we find a certain percentage of balsam. Now because of the conditions in two areas over here being very much akin to these conditions we have put that under the same colour as 6-A but both parts are included in 6-A.

Q. I think the difficulty in seeing it on the map is because Nipigon Lake is painted in, in green.

A. I appreciate that. Then of course we have the other two regions which are not included in our summarized estimate for the simple reason that we do

not consider them accessible commercially at the present time, and at any rate, so far, I have forgotten now whether this is 7, or this is 8.

Q. No. 7 is the yellow section?

A. No. 7 is what we call the Coastal Plain region, which is not considered sufficiently important to be placed in the class of commercial timber. It is largely muskeg country, with this important exception, I think, that along the streams leading into Hudson Bay, to within a certain distance of the Bay, at any rate, there are spruce ridges along the edges of the rivers.

Q. Just so that we may understand it clearly: That area which you call the Coastal Plain region to the west of James Bay, and southwest of Hudson Bay is not considered commercially important not only because of its geographical location but because there is lack of timber on it.

A. Yes, that is right. No. 8 is known as the Central Patricia region.

To be frank, we know very little about that Patricia district from the standpoint of quantities, ages or classification, because it must be borne in mind that that entire area did not belong to the Province of Ontario until 1912. By the way, this is included also (indicating). The Coastal Region boundary in the old days was the English River and the Albany River, up until 1912. That area was given to the Province of Ontario by 1912, since which time only have we had any interest or any control over it. It was necessary, however, some years ago, to get that from the Indians, and we managed to secure it only in 1929 and 1930 under the Treaty which the Dominion Government made with the Indians under which that large area north of the Albany River comprising some 128,000 square miles, or thereabouts, was ceded to the Government, under an agreement in accordance with Treaty No. 9, the last treaty signed prior to 1929—that was in 1909, the last treaty prior to that, which was known as Treaty No. 9 under which the areas contiguous to the Albany River which had previously been covered by treaty went to the Dominion Government. It was my privilege to represent the Province of Ontario in 1929 and 1930 in collaboration with another Commissioner appointed by the Dominion Government. I happened to be appointed by the Province of Ontario to take up the matter of this treaty, it being an adhesion to the former treaty of which I spoke—No. 9.

The only information I have with regard to the timber upon this area (indicating) is what I gleaned from two summer flights there, and it ran something like this—the Coastal Region is practically what we say it is—however, I did observe that in this Central Patricia Region there are large quantities of coniferous timber in the way of spruce and jack pine—largely spruce, I think, from what I could make out, although I am not an expert observer—along the rivers, and bunched here and there. As I said, in the first instance, we have no estimate of that timber at all because we have really had control of it only since 1930.

Q. Just in passing: If that were found to be valuable timber area from a practical point of view, how would that be taken up?

A. I think the only practical way of getting at that timber would be by the construction of roads, railroads, logging roads, truck roads or other means of

transportation similar to that, because I think myself it is out of the question to take the material down the river to Hudson Bay and James Bay by virtue of the tidal conditions which obtain.

These arrows indicate the location of our planes. We have one here at Kenora, starting at the west, Sioux Lookout, Red Lake, Fort Frances—

THE CHAIRMAN: Q. Pickle Crow?

A. Pickle Crow, Fort Frances, Sioux Lookout—did I say Sioux Lookout before?

Q. Yes.

A. Sioux Lookout, and that is Pickle Crow (indicating).

Q. You have Pickle Lake on the right, and on the upper left is Red Lake?

A. That is Pickle Crow (indicating).

Q. And on your left—

A. Here?

Q. No, no.

A. I am sorry. Here? (Indicating.)

MR. DREW: That is it.

A. I think I had better take my glasses off. Then, we have one at Port Arthur, another one at Orient Bay, one at Twin Lakes, Remi Lake, Biscotasing, Sault Ste. Marie, Oba Lake, Sault Ste. Marie, Biscotasing, Remi Lake, Timagami —and I think I mentioned Remi Lake?

Q. Yes, you did.

HON. MR. HEENAN: And Algonquin Park. You did not mention Ignace, but you pointed to it.

THE WITNESS: This will be Ignace, here (indicating).

HON. MR. HEENAN: Yes.

THE WITNESS: Sudbury and Brisco. I think that will give you just a fair picture of the location of our planes. I have them indicated on this map, if the members of the Committee desire to see it. It does not necessarily mean that there is only one plane located at these points; those are just stations. We have more than one plane at different stations.

THE CHAIRMAN: Q. Before you leave the map I think it might be well to tell the Committee about the townships which were granted to the Algoma

Central Railway some years ago, and also about these blocks of land which were vested with the Canadian National. What rights have the Province over the timber in those areas? I do not believe the townships are shown on that plan.

A. No, they would not be. The Grand Trunk Pacific blocks would not be shown. In regard to those Grand Trunk Pacific blocks I think I have the areas—about 635,000 acres. That is, the Grand Trunk Pacific blocks.

They were a subsidy granted the Grand Trunk Pacific in pay, apparently, for the building of the road under and by virtue of the Act passed.

Q. It was in lieu of a cash bonus?

A. Yes, it was. Do you wish me to disclose the subsequent history of it too?

MR. DREW: Q. I think that ties into the picture very clearly. When did that take place?

A. I think it was in 1912.

THE CHAIRMAN: 1909.

MR. DREW: Q. Again, it covers what area?

A. 635,000 acres. We do not control any timber upon that area save and except pine, which is limited so far as red and white pine is concerned, but there is quite a proportion of jack pine.

Furthermore we are interested in the timber south of the Canadian Pacific Railway on the Grand Trunk Pacific lots to the extent that it is not, under the Act, subject to export, whereas the timber north of the Canadian Pacific Railway on the lots is subject to manufacture. I may have it turned around, but I think that statement is correct.

Q. It would seem that it is turned around. I am thinking of it geographically.

A. You see, there were two Acts.

A VOICE: 1862 and 1863.

MR. DREW: Q. Would it not be reasonable to say that it is the timber south of the tracks which can be exported, and north of the tracks manufactured?

A. I do not think that enters the picture at all, Colonel.

HON. MR. HEENAN: South, it can be exported, and north it cannot be.

THE WITNESS: That is what I say.

MR. DREW: South, it can be exported.

THE WITNESS: South of the Canadian Pacific Railway it cannot be exported in a manufactured state, and north it can be.

THE CHAIRMAN: Are those blocks all north of the Canadian Pacific line?

A. Pardon me, I will have to correct that evidence; I am sorry. I have been talking about the Algoma Central Railway grants branch of it. That evidence will all have to be stricken out with respect to the Grand Trunk Pacific lots. I was giving you the history—

Q. Then, let us start again.

A. Pardon me, but I can clear that up. You want to know what control if any we have over timber on the Grand Trunk Pacific lots?

Q. Yes.

A. We have no control over any of the timber save and except the pine.

Q. What about the Algoma Central?

A. We have no control over any of that timber, except the pine, with this reservation, that with regard to the timber covered by the grants south of the Canadian Pacific Railway, that timber is subject to the manufacturing clause. Timber north of the railway is not.

Q. When were those townships granted to the Algoma Central; do you remember in what year?

A. Well, I have forgotten the date.

Q. Would that be around 1900 or 1902?

A. The Algoma Central? I may have the date here; I have forgotten. Algoma Central Railway, 1913 and later. I think there were two grants.

That area of the Algoma Central should be about 1,977,391 acres. Now, that is the Algoma Central Railway line.

MR. DREW: Q. Are the square miles given there?

A. Yes, sir.

THE CHAIRMAN: 3,090.

THE WITNESS: 3,090.

MR. DREW: Q. The Algoma Central grants conveyed in 1913, and later, comprise over 3,090 square miles, and what about the Grand Trunk Pacific grants?

A. 992 square miles.

Q. So it is a relatively small area; it is only one-third the size of the Algoma Central?

A. Yes, that is right.

Q. Are there any other railway grants of a similar nature?

A. Yes; the Algoma Eastern grants. There is a block there, a block there, and another one here (indicating). They were granted in 1913 and 1916, 1,066 square miles, or 682,405 acres.

Q. Is that the total grant to railways of timber lands in Ontario?

A. The Algoma Central, the Algoma Eastern and the Grand Trunk Pacific. There is no grant in connection with the Canadian Northern Railway from Sudbury to Port Arthur although they claimed the Government owed them their subsidy, and the Province of Ontario claimed otherwise. They went even further than that and claimed that the Grand Trunk Pacific blocks should become vested in the Province of Ontario, but that is another story.

MR. COOPER: Q. Does the same thing apply to the Algoma Eastern—about the pine?

A. Yes; we own it.

Q. The Government owns the pine?

A. Yes, that is right.

MR. DREW: Q. Before we proceed further and get away from that, Mr. Cain, we are looking to the future and hope to lay down some plan which will be of assistance to this Government as well as the succeeding Government, and I would ask you your own opinion as to these railway grants. Are they to revert to the Province?

A. It would be a very fine thing, Colonel, if we could get them back, absolutely.

Q. You have represented the Province, and I may say with the utmost sincerity that I have looked at your knowledge as being very valuable?

A. It would undoubtedly revert back to the Crown—the Algoma Central and all these railway lots. It would improve the picture and consolidate our forest areas. If you take your railway grants and the veteran grants—if you take the railway grants of which we now speak, and all the veteran grants which were issued, I think you will find that that acreage, or that that mileage, is approximately 3 per cent of our total forest area under control of the Government. When you look at it in its larger aspect, in relation to the whole, then the percentage is not so big, but it might be much better if that entire acreage were in one block rather than scattered the way it is.

Q. Is there not this point about it, that while the total of these three railway grants, and veterans' lands, only constitute 3 per cent, actually they are situated along the railway and therefore assume a much greater importance than their percentage indicates?

A. Yes, in some regards that is quite right. Of course, take the Algoma grants down in the Sudbury area here (indicating), and that is not so accessible.

Q. At the moment we have no control over the manner of cutting, or the extent of cutting, in those areas?

A. Only in respect of our own timber.

Q. Only in respect of the reserve pine?

A. That is right.

Q. Is that an entirely satisfactory situation?

A. I am going to answer you frankly; No, because I feel that the day may come sooner or later when the Crown will in some way or another be put in a position of being able to go into any privately owned land and say, We feel that you should be restricted to this, or, Cut that, or cut it here or there. If you want my frank opinion again I do believe that we have not yet reached the stage when we would be supported that way by the general public, unless you were to exclude farm land. If you excluded farm lands there would not be very much to do, because there is only a small percentage of it.

Q. After all, as has been explained here, the greatest danger to our forest assets is fire, and fire, as I understand it, is very largely caused—that is to say, an extensive fire is very largely caused often by the conditions in any given area. That is, fires can be prevented to some extent by the manner in which the forests are protected and also by the manner in which the cutting and other things being done have been done. If the Government has not control over these three railway areas, and also over the veteran grants, is there not danger which the Province cannot control, which is apt to arise in these areas and extend itself to Government areas?

A. It would, but I think I should modify my statement when I say we have no forest control, because under the Forest Fire Protection Act if we find that one of those owners happened to be carrying on in a manner which would be subversive to the industry or might menace the surrounding territory, we can go in and say, Now, here, that is a menace, and you have to remove it, and so on. The Fire Protection Act gives us fairly wide powers in that respect.

MR. COOPER: Q. Were there any restrictions put on the sale of these blocks of the Railway Companies?

A. In what way?

Q. Can they sell this timber in these blocks?

A. Yes; they own it.

Q. And they sell it in competition with the Crown?

A. Well now, the Algoma Central grants are now controlled by the Abitibi who purchased it under a long term agreement—100 years, I think—from the Algoma Central Railway.

THE CHAIRMAN: Q. Pardon me. I believe the purchase was the right to cut the timber, not the land?

A. No, not the land; the timber. They purchased under long term agreement the right to cut the timber on the Algoma Central at a stumpage price and that right still obtains. In order that you may understand the picture, we, in our recent agreement with the Abitibi, the basis of which was the hope that they would reorganize, made a provision that we would recognize their rights under the lease that they acquired from the Algoma Central if the Algoma Central lands in the future in any way reverted to the Crown for nonfulfillment of any of the conditions laid down, either with regard to the payment of Provincial land tax or fire tax.

MR. ELLIOTT: Q. Am I right if I say that you only protect those areas which are Crown lands?

A. That is not exactly right. We undertake and make arrangements that if and when the fire takes place we fight it.

Q. Taking it by season, you might have an area adjoining Crown lands where there is lots of timber, such as Algonquin Park, and there is no protection at all, say, in part of North Hastings and some of the counties to the east?

A. You mean it is not in the forest fire zone?

Q. Yes. Is there anything in the Act to prohibit it?

A. I think the municipalities have to protect it within its boundaries, under the Act. I know as a matter of fact they do not all by any means, and I will say so far as our facilities permit we do help them out practically every summer here, there and elsewhere, in certain cases. Even then our services are such we find it is impossible to meet their demands.

MR. W. G. NIXON: Q. Is there any data available to show to what extent the timber has been decimated from these railway lands?

A. Well, the only way I can acquire that would be by getting in touch with the Abitibi and get the cutting on the various sections under their agreement with the railway companies.

Q. The Algoma grants?

A. No longer held or owned or controlled by the company. They are under private ownership.

Q. Would the same apply to the veteran lands as well that we do not know to what extent the timber has been removed from many of the veteran lands?

A. That is quite true. We have not any detailed information along that line because the owners have disposed of it. The largest given lot in any given area is in here (indicating) on the map; No. 7, in here (indicating).

I am speaking subject to correction again, but I think there is in the neighbourhood of 450 to 500 square miles of territory there that was disposed of en bloc to the veterans. That is, the veterans of the South African War, because there was no subsidy subsequent to that. These veteran grants to which we refer were more or less grants issued to the veterans of '66, and the veterans of the South African War.

THE CHAIRMAN: Q. You said south of Cochrane?

A. It is west of Cochrane, a few miles south of the Transcontinental.

MR. DREW: Q. Is it not a fact that it only amounted to 500 square miles?

A. Yes.

Q. Of course, that is not much?

A. No. I think perhaps the greater percentage of that mileage of the veterans is now held and controlled by companies, one of which, at any rate, I know is the Abitibi, because that timber is readily accessible to the Smooth Rock Falls, Mettagami. There are some individual lots there as well, controlled—

Q. Is it not correct that those 500 square miles are composed entirely out of the lands of the veterans who originally—

A. Quite so. That being the case, I think it would be wise at this point to clearly explain the extent to which the Government, or the Department, has control over that area in cases where they have been sold to other companies such as in the case of the Abitibi, and other large companies.

Q. Does the fact that the Government did not originally have any right to prevent the cutting, or control cutting, in those areas, also tie the hands of the Department in regard to the control of cutting where those grants—

A. Yes, having in mind the centralized form of control of cutting, it would naturally interfere with the Government.

Q. So as I understand it, in the case of those 500 square miles, although they have passed to private companies, the Department, at the moment, has no power to exercise control over the cutting in those territories?

A. No, sir; on privately owned lands it has always been deemed we should not invade on those rights.

Q. Having regard to the general control which the Department exercises over the industry, would it not be desirable that control over the cutting in those areas should be exercised?

A. Yes, if the Government felt that. I would say yes.

Q. What we are seeking now is something that we had hoped to recommend, and that is why I ask these questions as they come along.

A. I am very glad you do, because it will only tend to emphasize our problems, too, which arise from time to time, and naturally require some solution, but at times we most readily admit that we have not a solution. I know from time to time we were discussing in Southern Ontario the question of reforestation and the idea of undertaking to exercise some form of control over bush lands with a view to developing wood lots and to undertake to attempt if possible in some way to eliminate the drastic cut on privately owned lands that has taken place during the last forty or fifty years resulting in the hazards obtaining in certain of the river valleys. We have been met invariably with this objection, I do not want you to go on my privately owned land. Only a few months ago we had a reasonably large deputation in the Minister's office when we were discussing the question of reforestation. I was very anxious that the Crown should undertake certain things in doing this, and in other words to give them very, very substantial assistance in carrying out their project, and the question was asked right there of one of the most enthusiastic members of that deputation, "Do you not think that the Crown should undertake in some way within reason, having in mind the viewpoint or idea of controlling your land or timber, are you prepared now to back us up if we were to suggest an Act, or amendment to our Act, which would provide for the control of your cutting by the Government? and the immediate answer, No, No."

Q. But that was an answer from one of those who exercised rights over that area.

A. It was a representative of a municipality. They come in repeatedly, of course, and bring in their deputations, and we do our utmost to educate them along the line of scientific forestry and to develop in them, if possible, a recognition first of all of the need of rehabilitating the old areas in Ontario which have been denuded of their timber, in order to prevent these spring floods which have happened in the last few years.

Q. So I gather from what you have said that it is conceded without any question that the method of cutting adopted in some of these private areas has caused disastrous conditions?

A. In Ontario it is self evident.

Q. And even in other areas—you spoke of these spring floods—I take it that it is an accepted fact in the Department that serious conditions have resulted from the method of cutting in certain privately controlled areas?

A. That is freely admitted.

Q. That being the case, no matter what the personal interest may be, the broad public interest would be better served if there were some exercise of control over the cutting on those private areas?

A. I admit that, if we had the necessary machinery put in motion.

Q. Have you had occasion to study the method by which they exercise that control in Finland?

A. No, I have not.

Q. Because there they apparently have one of the most effectively controlled Forestry Branches in the world. They exercise absolute control over the method of cutting on private territory under a Forestry Board. Would not something of that kind be of use here if put into effect?

A. Yes, providing that the Board is directly responsible to a representative of the Government. I do not really believe that any practice in Finland, even though carried out to such a degree of intensity as stated from time to time by some individuals who are misinformed, that every time a man cuts a tree he has to plant another. You hear of that frequently being done.

I had a long converation about a year ago with a man from Finland: I put that question to him and said we would like to know for our own guidance or education because we cannot tell when we will be called upon to amend our laws to see if we cannot centralize the control of cutting over our forest areas, to what extent you go in and control or direct the cutting, and he said, "Our basic system with regard to the disposition of timber is that we undertake to definitize the quantity required in a given season to meet market requirements, and based upon that quantity they allocate, as it were, the quantities that may be cut in each district, and they go to "A" and say, You are limited to this cordage, and to "B," that cordage. I said, Do you go in there and say, You cannot cut this, that, and the other tree? No, not exactly, but we have a general idea of this farm and the other farm, and we say their cordage is limited to so much, and see that you cut so much on the face of it, but they do not do it because they realize they are limited each year to only a certain quantity, and they pretty well direct themselves out of self protection."

Q. That is the system, as I understand it, for many long years. Their system has been to preserve the forest and assure regrowth, and in many areas they have not found the necessity for reforestation by replanting on a large scale. Is that correct?

A. I do not know.

Q. I am not quoting it, because it is all in one particular country. I am making the suggestion because I have seen the way these things are worked out in those Baltic States—and it does seem to work extremely well. The thing that impresses me is that while they do not go and mark the trees which can be cut, or do any impractical thing of that nature, they do exercise control over the extent of the cutting and the general character of it?

A. Yes.

Q. Cannot that be done here?

A. There would be this difference, that the land in some parts—and this fact should be emphasized in relation to that question if and when the Committee is discussing it—that there is only 3 per cent of our forest area held privately to-day. As far as Finland is concerned, I do not know, but Sweden is about 23 and 77.

MR. OLIVER: Q. Does that figure apply to the whole of Ontario?

A. The forest area.

THE CHAIRMAN: Q. Before we leave that point—

A. That does not include the agricultural.

Q. A moment ago in answering a question of Colonel Drew in regard to spring floods caused by deforestation, you said that occurred in privately controlled areas. Would that condition obtain in the south exclusively, or would it also obtain in the north country?

A. I cannot recall a single case in northern Ontario where floods have resulted from the denuding of the timber.

Q. So, when you spoke a moment ago about stream flooding you were speaking of the part of the Province where the farmers have denuded their lands of timber and as a result floods occurred?

A. Yes.

A. Yes. Under an Act passed a few years ago the Grand River Commission is trying to correct the situation which resulted from the lack of foresight of those who cut without regard to the result.

MR. DREW: Q. The sins of the old should not be visited on the young.

A. Yes, that is quite true. That statement just gives rise to another thought which I had in mind and which I think should be presented to the Committee in order that you may be appraised as to why it is quite probable, in fact, almost certain, that the same disastrous conditions which have visited old Ontario in the past with regard to that very matter will not obtain in the northern part, because as I said in the early stages, in old Ontario, little regard was paid to the idea of segregating the land with a view to determining which was primarily agricultural, which was primarily timber, mineral, and so on, and it is only within the last year that they have attempted to undertake to definitely classify these areas. In order to assist the governments in the past—I mentioned these reserves—and again I say to my mind the second most important step which has been taken to contribute to an up to date or a perfect forest method in the Province of Ontario, is the establishment of these forest reserves, because theoretically speaking there is a fence around each one of them and we do not allow so-called farmers to go into these vast areas, and we maintain that land in and by ourselves.

Even with respect to mines, grants in mining are limited. Leases are made subject to extension, but we do not sell them those reserves. We do not for farming purposes in many instances, but we do permit some resources to be held sometimes on grant and under lease, but the whole area from a forest point of view is controlled by the Crown, and in that way these areas will not pass away from the Crown, and consequently the same condition adverse to our present policy, at the present time in old Ontario, is not likely to obtain.

THE CHAIRMAN: Q. How many of these forest reserves have you in the North?

A. We have the Timagami Reserve. I think we have it here. Yes, the Timagami Provincial forest, 5,930 square miles; Missassagi, 5,362 square miles; Quetico, 1,190 square miles, and then we have Georgian Bay, 677 square miles, and also down here, in the Kawartha section we have a forest area, but in passing may I say that this Kawartha forest area is not all Government land.

We created that forest some years ago after much of the land in the old days had been passed up, but there are batches here and there within that area which comprise now our Kawartha reserve, where we do not allow cutting.

Q. Where is that?

A. In here (indicating). Then, Sibley is 80 square miles. Did I give Georgian Bay?

Q. No.

A. General speaking it is facing Georgian Bay and bordering on French River.

Q. That would be the Parry Sound or Muskoka area?

A. Yes; that is south of the French River. Then, we have another one in Eastern Ontario, the Eastern Forest Reserve, 325¾ square miles. In those reserves that I have mentioned to you there is 19,746 square miles.

Q. You have forgotten Nipigon?

A. The Nipigon Forest Reserve is 7,100 square miles. That is the big reserve up here. (Indicating.)

Then, we come farther west—and I referred to this before—Quetico Park. I think there is a million acres, or 1,500 square miles.

Those are the forest reserves which have been set aside and are owned and controlled by the Province in which we will not allow so-called agriculturists to go, and thus we will avoid the conditions that we have had to face farther down in Ontario.

MR. DREW: Dr. Welsh, probably, can tell us more about disastrous cutting in the southern areas.

THE WITNESS: Yes; he comes from the country where we have had a lot of trouble.

DR. WELSH: Q. What about reforestation north of Hastings?

A. I cannot just answer that question in the affirmative or negative. It would be practical under certain conditions, but under the present conditions which obtain down there I do not think it is practical from the viewpoint of the Crown for the reason that there is so much of the area patented in individual parcels; there is no huge area absolutely controlled by you, the municipality or the Crown, and by virtue of the checkerboard situation that obtains the difficulties and problems would be almost impossible to meet.

I do feel this, in answering that question, that so far as old Ontario is concerned, I believe that the reforestation of old Ontario lies in the efforts municipalities will put forth in getting lands, and acquiring lands under some form of contribution from the Government, taking the control of reforestating within their own hands. I think that is a safe and sound practice to pursue under some arrangement with the Government whereby the Government would exercise control in cutting.

MR. OLIVER: Q. In regard to the forest reserves, is it a continued policy? Have you added any recently?

A. We are just about to add now to certain of the reserves several thousand square miles. I cannot just tell you the area we are adding to the Mississagi Reserve, but there is a large area which we feel should be included in the reserve and thus get away from innumerable calls and demands upon us for these pieces of land here and there which they are going in and farming upon.

MR. DREW: Q. What was the last date upon which an area was actually set aside?

A. As reserved?

Q. Yes.

A. I think in 1929,—I think the Georgian Bay Forest Reserve, the Kawartha Forest Reserve, but I can give you those figures definitely.

Q. Approximately 1929?

A. 1929, and we now have maps prepared and areas segregated to add to or to include within old reserves, or to make new reserves, of several thousand square miles.

THE CHAIRMAN: Q. You mentioned agreements with municipalities with regard to reforestation. Have you any of those agreements with existing municipalities?

A. Yes; I have the number I think, 15 or 20.

MR. RICHARDSON: Ten.

THE WITNESS: We have an agreement, or agreements, as Mr. Richardson, who is in charge of that reforestation says, with ten, in any event.

DR. WELSH: Q. The area at Cobourg—would that be under that?

A. Yes.

MR. RICHARDSON: Northumberland and Durham has an agreement with us.

THE CHAIRMAN: Q. You told us that the Algoma Eastern grant had been disposed of to private individuals or companies, and that the cutting rights on Algoma Central lands had been sold to Abitibi?

A. Yes.

Q. What about the Grand Trunk Pacific grants; do you know if the cutting rights have been disposed of on any one of those lots?

A. The Grand Trunk Pacific?

Q. Yes.

A. They own those too, I think.

Q. They own them too?

A. Yes.

Q. I mean the blocks between Sioux Lookout and Port Arthur?

A. Abitibi have the right to cut on all those under some agreement with the old company, save and except for block 10. Block 10 is Sioux Lookout, and the other nine blocks cutting rights are with the Abitibi. That is how I got things mixed up.

MR. OLIVER: Q. The maple you refer to in the North—is that what you call soft wood or hardwood?

A. Which?

Q. You referred to the maple?

A. We had reference to the hard maple.

Q. Hard maple?

A. Yes.

MR. COOPER: Q. You have no control over Indian lands?

A. None whatever.

Q. Are there any other grants except veteran lands, railway lands and Indian lands? We have no control over the forest?

A. No, no other lands. I am sorry that I omitted when I was giving the answer to privately-owned lands—I omitted railways and Indian Reserves.

MR. DREW: Q. What total area would that be?

A. In the whole of the Province of Ontario, including these areas, I think there is about 1,300,000 acres.

THE CHAIRMAN: Q. About 2,000 square miles?

A. Yes.

A VOICE: 2,168 square miles.

MR. DREW: Q. Of Indian lands?

A. Yes. Of that I think probably a quarter of a million acres would be in the reserve that we established in 1930 for the Indians north of the Albany River and along the Bay.

THE CHAIRMAN: Q. That is about 400 miles?

A. Yes. I speak subject to correction.

MR. DREW: Q. The control of those Indian lands and the designation of those Indian lands is with the Department at Ottawa, is it not?

A. Yes.

Q. You have no control over that?

A. No, sir.

Q. Have you as a matter of experience found any cases of reallocation of Indian lands to any considerable extent?

A. What do you mean; sale of land by the Indians?

Q. Let us assume in a given area Indian lands were designated on the map—and so and so—have you had any occasion to notice that there have been changes in the area in which they were supposed to be owned? I am sorry, but I will have to ask that that question be struck out. Let me put it clearly. The Indian lands are designated by the Department at Ottawa merely from the point of your own supervision of these lands. Have you had any occasion to find that the ownership of Indian lands has been moved from time to time by that Department?

A. Yes.

Q. And, to what extent?

A. I could not just tell you exactly.

Q. To what extent?

A. To what extent I could not tell you just exactly, but they disposed of their timber, not exactly in the same way as we did, but they undertook to advertise it and they may sell it on a cash bonus basis, or on a stumpage basis, requiring a certain amount to be paid, and so on.

Q. As a matter of illustration, suppose that block A had been designated as Indian lands, and then the Indian, or those cutting in there before, cut in on that area, have you had any case then where the Indians who would be entitled to that area would then be allocated to certain other lands in a neighbouring area?

A. The only instance I can recall where any effort has been made in that direction is up for negotiation at the present time. I do not know whether this has relation to the question, but some years ago the Department of Game and Fisheries acquired an Indian Reserve in the Algoma district as a game reserve. They purchased that as a game reserve, paying the Department of Indian Affairs so much an acre but they did not acquire the timber because the Department of Indian Affairs had previously sold the timber, and the Government of Ontario hold it as a game reserve with the reservation of the rights to cut timber. The Indians maintain that their understanding was that they handed it over for a consideration of 25 cents an acre. When they handed that area over to the Department of Game and Fisheries their understanding was that the Ontario Government was to provide some substitutional area under subsequent arrangement. That substitutional area has not been arranged.

The Indian Reserve question has a long history. These Indian Reserves are the result of treaty, and if I recall correctly since 1760 there have been 260 treaties. The first one was in 1760, and I have just forgotten, but I think that treaty covered away up here. (Indicating on map.)

THE CHAIRMAN: Q. We will not ask you to give us all of the 260, but can you tell us the date of the last one, approximately?

A. 1930.

Q. 1930?

A. The one to which I referred a little while ago as the adhesion to Treaty No. 9, of which I was a Commissioner.

Q. I take it that at the present time the Federal Government cannot take any part of the Province of Ontario which is not an Indian Reserve and designate it as an Indian Reserve?

A. No.

Q. That could be done only with the consent and agreement of the Province?

A. Certainly; absolutely.

MR. DREW: Q. Any lands designated now as Indian lands cannot be varied by the Dominion Government without the consent of the Provincial Government?

A. No, absolutely not.

Q. And has there been any variation in recent years, to your knowledge?

A. No, except this incident of which I speak.

Q. That is, the Algoma situation?

A. Yes.

Q. Just one other point in connection with that: These Indian lands embracing 2,168 square miles are lands theoretically held by the Indians who gained the rights to those lands under treaties with the Dominion Government in payment or in exchange for their earlier rights in this country?

A. Yes. The British Government, in dealing with the Indians, always recognized the equitable rights of the Indians, and proceeded so far as Upper Canada is concerned, at any rate, to deal with them equitably, and the consideration in connection with these lands being ceded to the Crown was those reservations which were established based upon the number of families and individuals, and each one allowed, I think, 32 acres. A family of five would get 160 acres, plus this. They after became wards of the Dominion Government which then accepted full responsibility for looking after their welfare.

Q. Yes?

A. The Province of Ontario, in connection with the last one—their consideration for getting back all of that area there was the annuity payment annually made to residents thereof, and that annuity amounts to about $20,000.00.

Q. From the practical point of view to-day how are these Indian lands actually controlled?

A. Well, I could not tell you that. We would have to find that out from Ottawa.

Q. As a matter of general knowledge are they still held by the Indian grantees, or are they under lease to companies, or how are they situated?

A. I could not tell you as to the intimate picture, but I know in certain cases they have sold the timber off their areas, but whether they have sold land, or whether they have not, I could not tell you.

Take, for instance, Manitoulin Island, where I say we never controlled a foot of land, which was set aside as Indian land, a great portion of which was passed out of—

Q. That was not the reason why a certain notorious statute was called the Indian Act?

A. I hope not. Now a great portion of that has passed into individual ownership and they have a certain amount of existing territory in that yet but it is controlled by the Indian Department, and all the revenue derived therefrom is founded with and kept by the Dominion Government.

THE CHAIRMAN: Q. When the Federal Government gives a patent to an individual on an Indian Reserve does that land fall within the jurisdiction of the Provincial Government?

A. Fall within the jurisdiction of the Provincial Government? For what purpose?

Q. For the purpose of taxation, or more control?

A. I think so.

Q. If the Federal Government grants John Smith a patent on an Indian Reserve, does the land covered by that patent stay within the reserve?

A. No, comes out of the Indian Reserve immediately.

Q. It does?

A. Yes, I would say so.

Q. Then it falls within the jurisdiction of the Province?

A. Certainly. The Manitoulin Island situation is a situation—we did undertake to apply our Provincial Land Tax Act to Manitoulin Island, but there was such a howl raised because of the fact that we never go over and do anything for them, it should not apply to them. In other words, the fire protection does not apply to them and why should they pay taxes. I think the answer to that is, Yes.

MR. DREW: Q. I recognize the fact that it does not come under your Department and consequently you cannot give the exact answer, but is it not correct that private companies at present are exercising cutting rights over most of the Indian lands?

A. I would not say most of them. As a matter of fact, I will give you some figures I got from Ottawa a few years ago. It will take me only a moment.

Q. I think it would be just as well.

A. Give me those figures we got from Ottawa with regard to the Indian cutting within the last three years. Thank you. These are figures I secured just a day or so ago as a result of your question the other day. This is a statement of Indian Reserves in Ontario south of the Albany River, and of the quantity of pulpwood cut during the last three years.

Q. Let me explain in order that we may have it clearly on the record. What I am trying to get is having regard to the way this information is being

introduced, I want to secure a complete picture of the Crown lands and then other lands described under that bulk heading. We have the railway lands, the veteran lands, and we are now dealing with the Indian lands. I want to get a reasonably clear picture of how they are handled.

THE CHAIRMAN: Mr. Cain, we do not want to interrupt you, but you said a moment ago that the total area of Indian Reserve lands in Ontario was 1,387,492 acres?

A. I was speaking subject to correction but it was 1,300,000 in round figures.

Q. You might tell us as to the area of Indian Reserves south of the Albany River, and you might at the same time indicate on that map the approximate location of the Albany River?

A. That is it right there (indicating). The total acreage of Indian lands south of the Albany River, in Ontario, which is here (indicating), 968,559 acres.

Q. That is about 1,500 square miles?

A. These are not my own figures but they are Dominion Government figures.

Answering that other question, by the same token, the information with respect to the operations conducted on various Indian Reserves in Southern Ontario—No, the pulpwood cut for 1937, 1938 and 1939 was 48,493 cords, which will be an average of 16,160 for each year.

MR. DREW: Q. The 48,000 figure was the total.

A. Yes, the total. The reserves on which that quantity was cut are listed in this sheet.

MR. DREW: That sheet might go in as Exhibit 8.

EXHIBIT NO. 6—Filed by Mr. Cain: Map.

EXHIBIT NO. 7—Filed by Mr. Cain: Map.

THE CHAIRMAN: Mr. Cain will file as Exhibit 8 a list showing the Indian Reserves from which pulpwood was cut during the seasons of 1937, 1938 and 1939.

Q. Is that right?

A. Yes, during the years 1937 to 1939. This includes not only the areas from which the pulpwood was cut, but it is a complete list of all the Indian Reserves in Ontario south of the Albany River and in addition thereto it shows the quantity of wood cut on each of those reserves. There must be 300 items in there. In a moment I can tell you how many of those they cut.

Q. It is a statement of the Indian Reserves in the Province of Ontario south of the Albany River, is it?

A. Yes sir.

Q. Showing those reserves from which pulpwood had been cut during 1937, 1938 and 1939?

A. Correct.

MR. DREW: Q. From whom does that come?

A. From Dr. McGail.

Q. I mean, from what Department?

A. From the Dominion Department of Indian Affairs.

Q. By whom is it signed?

A. By the private secretary of the Minister of Mines and Resources. Mr. Crerar's private secretary. I do not know whether the Chairman would care about reading some of these names.

THE CHAIRMAN: I will not bother.

EXHIBIT NO. 8—Filed by Mr. Cain: Statement of Indian Reserves from which pulpwood was cut during 1937, 1938 and 1939.

MR. DREW: Q. I am surprised that Mr. Heenan has not corrected you in one statement, that is, when you said that the Dominion Government figures were the only reliable figures?

A. I did not know that he made that statement.

Q. No; you made it. I feel sure you are referring only to the Indian Branch?

A. Yes. I regard as true the figures of the Civil Service.

Q. Mr. Cain, there is just one question to dispose of what you have already covered, and then you can go ahead with the narrative. You spoke of the objections which were raised when you had suggested the wisdom of placing the cutting and similar conditions under Departmental control, of those privately controlled areas. Now, what arguments were raised in support of that?

A. That they did not feel that their private rights should be so invaded.

Q. Do you mean it was put upon the sole ground of private rights?

A. Private rights, that they should not be interfered with.

Q. Personally I attach great importance to this particular question which you have raised?

A. I think everybody should attach importance to it, in regard to reforestation in old Ontario.

Q. The forests, we have the right to say, are a matter of general concern and we should control the cutting whether on Crown lands or on private lands, do you not think so?

A. I think so, if we can provide the machinery and the oil to run that machine.

Q. What do you mean by "the oil to run that machine"?

A. I do not mean the oil you mean.

Q. I was only asking you for the explanation, what did you mean by that?

A. I simply meant the organization and the powers conferred upon that organization to do it. That is all.

Q. With the willing co-operation of the public?

A. Oh, absolutely. And, incidental to that, of course, or probably preliminary to that whole thing is the cost in respect of it.

Q. I am dealing with these points as we go along as to what we should recommend. I take it from you that you would recommend that some provision should be made whereby, either under the Department or in any other method which might be set up, there should be some control set up as to the cutting under control of the areas, and I assume that any arrangement would protect the continuing rights of private owners who hold long term rights, and subject to those rights you think some control should be set up for that cutting?

A. I do.

DR. H. E. WELSH: Q. It may be a simple question, but in connection with old Ontario, I went back hunting this fall and came across say 30,000 feet of pine just lying there rotting. There was pine in there which has been down for years, and you can not help being struck with the destruction and waste, at all events. What is the change or comparison of contracts or leases, practically in those days compared with to-day? In those days they would go in and slash everything, irrespective of the type of what it was they would go in and take everything?

A. No, not everything; but they did this: They took what they believed they were going to make a profit on, regardless of what happened to the other types of timber. And that brings up a very prominent factor in connection with the whole of the forest management or cutting of timber in the Province of Ontario.

There are so many different factors enter into that, that it is a long story. Because of varieties of types of timber that we have in Ontario, some which are of a predominant character, some commercial and some considered in type

inferior to others, some for which there is no market, no foreign market; and yet in there there might be a market for certain types of timber.

I am glad you brought that up. Up in the Timmins area—you know that is a mining area, and the mines—I might also include at the same time the Sudbury nickel fields—use, if I recall correctly, some 60,000,000 feet of timber at Sudbury. And there again is where your claims come in. The Timmins area, the mining companies have been limiting themselves to the use of spruce. We have been trying to get them to use some of the so-called inferior types, such as jackpine; but they have been impressed that spruce alone is desirable, and did not want to divert to any other sort.

This last year some of the companies, not under pressure but under our suggestions, have gone in and cut several thousand pieces of jackpine for that purpose, to see to what extent they can be substituted for spruce.

Adjacent to that section is the Veteran Grants lands. If we controlled those Veteran Grants lands to-day, we would be able to make some arrangement with the miners whereby they could go into those areas and get additional timber to meet their requirements. At the present time—in fact we have already done it—last summer we made a regular sketch of the upper waters of the Mettagami area, with a view to later on making out a working plan, with a view to seeing to what extent we may be able, with the co-operation of the Veteran Grant holders—it may not be in some districts where trucking operations can not obtain—from the water conveyance point, it may not be convenient, but under the system of roads it may be available for trucks.

It was only again after a series of negotiations and round table conferences that we managed to get them to come our way.

We sent out notices to, I think, twenty-four or twenty-five old holders of these licenses, and indicated to them that we felt that they were cutting timber too young in growth and small in diameter. It was quite true that they were using that small timber for the making of boxes or box bottoms; and, if I recall correctly, out of that twenty-four whom we contacted, twenty-one of them finally agreed to accept the diameter restrictions and other conditions which we suggested as being for the benefit of the Province as a whole. They have readily come into that, and now we have imposed those restrictions upon them. That was a very important step in that direction.

Mr. W. G. Nixon: Q. In that connection, Mr. Cain, over some areas there is a certain percentage of timber left which we hear from time to time might be used for box bottoms or for battery boxes, and so on; and the question is raised why it is not being made use of. Is it practical, under the circumstances, that they might be made useful?

A. If it were practicable, you may be quite satisfied that the operators certainly would not leave it there. If it were practical and handy to the market, the operator would not leave it there. There are some circumstances where they could not take it out except at a loss. They have to pay as if they had taken it out. It pays them to leave it there, because of the difficulties of getting it to a market.

MR. DREW: Q. And would not you say it is a fair observation that almost everything that has happened in regard to our forests in old Ontario should stand as a warning as to what should not be allowed to happen in New Ontario?

A. We have frequently pointed that out. Of course, the long term licenses, which have extended over eighty or ninety years, which stood in the way, caused the problem.

While we own the land, we are not in the position of our American cousins who have undertaken to dispose of the land in fee, as well as of their timber.

MR. W. G. NIXON: Q. Under certain conditions that land reverts to the Crown?

A. Not very many of them. Most of those Veteran lots are controlled by companies who see that their taxes are paid.

THE CHAIRMAN: Now, Mr. Cain, we come to the map which has been marked Exhibit No. 6, which is the one at the left hand.

A. I do not think I need prolong any particular statement on this map, because, as you have indicated, Colonel, a photographic reproduction of this in small size could be put in as an Exhibit.

I have all the information on here dealing with this map. This is what we term our Industrial and Transportation Map. We have the canals marked, and the roads marked as far as we can get them; and the pulp mills marked.

Q. I notice you have red seals on the map?

A. These seals indicate pulp mills, Kenora, Fort Frances, and others. And those at the head of the lakes you know; the Port Arthur, Provincial Paper Mills, and the Great Lakes; then this is the Lake Sulphite, that was.

MR. DREW: Why do you say "that was"?

A. We just deal with the proceedings.

THE CHAIRMAN: I do not believe you need name all the mills.

A. The red seals indicate the location of the pulp mills.

Q. What about the green seals?

A. Those are the main mining developments.

THE CHAIRMAN: I am sorry.

HON. MR. HEENAN: You will stick your head out.

WITNESS: I think this map speaks for itself.

MR. J. M. COOPER: Q. What about the gold seals?

A. They are the different sawmills. They are divided between mills which cut under 10,000 feet daily, mills that have a capacity of ten to twenty thousand feet, which are in gold; then twenty to thirty thousand feet, in green, and so on. Those over 50,000 feet are in red.

MR. DREW: Q. Are you using the term "in red" in the usual term?

A. Not in the Russian sense, anyway.

Down here these are small mills owned by the Provincial Paper Mills and the Thorold, the Ontario Paper Mill.

Q. Mr. Cain, as a matter of interest, how many of those pulp mills have been put in operation since 1936, can you tell us?

A. The Great Lakes, the Fort William Abitibi Mill, and the Thunder Bay Mill at Port Arthur, and then there is a ground wood mill—these are smaller mills down here, with which we need not deal.

Q. As far as you know, the Great Lakes and the Thunder Bay Mill and the one at Port Arthur are the only ones which have come in since 1936?

A. The Great Lakes started in 1936. I had in mind this, that I understood the Thunder Bay had shut down for a while, and, I thought, the Great Lakes. Oh, you meant new mills?

Q. Yes.

A. Oh, those are old mills.

Q. So that there will be no misunderstanding about it, I did not mean mills which have been closed down and then revived. How many new mills have come into operation since 1936?

A. No new mills have come into operation, except the Lake Sulphite, which did not come into operation.

Q. Then we can say definitely that no new mills had come into operation since 1936, except the Lake Sulphite?

A. Yes, which did not come into operation.

THE CHAIRMAN: Now, that next map.

A. This area shows the Indian Reserves land, or a certain portion. So far as we have them, there are 155. Then we have the Railway lands to the Grand Trunk Pacific, the Algoma Central and the Algoma Eastern; and the large yellow areas are the pulp concessions. And these other areas are licensed areas, coloured red. Just in that regard, the thought has just come to my mind: I think probably some question which the Colonel asked the other day, at the opening meeting of the Committee, of Mr. Heenan, that you were interested in knowing whether or not licensed areas were allowed within pulp concessions operations.

Q. Yes?

A. Yes, absolutely, and it has been the policy of the Government for years; and that might give you a little picture, these red areas within the yellow boundaries give you the licensed areas within the pulp concessions.

Q. I am interested in that, as a practical method for the utilization of the resources. Just how are those licenses granted?

A. In the first place, some of these licenses were in existence before the pulp concessions came into being, and the rights of those licensees still obtain, subject to whatever conditions were laid down.

In other words, the pulp concessionaires did not have any right to cut all the timber, such as balsam and so on, and they have to be contacted, if a person wants to go in and cut something else besides for pulp and paper; and in those instances there have to be arrangements made with the concessionaire; and that being made, we issue a license to cut that timber.

Now, supposing they have not a right to cut that timber. In many instances we have reserved to the right of the Crown the large sized timber that may be converted into a product other than pulp and paper. Then the Crown has the absolute right to offer that timber for sale and dispose of it in any way, shape or form, in the interests of the Province, to dispose of that timber.

Now, you may ask, Is that good or bad policy? Naturally, we say that a dual or triple operation is not within the best interests of forest management; and we do our utmost to arrange with one operator that he will be responsible for the cutting of those particular types of timber in that area.

In other words, you being a licensee and being primarily interested in the large timber, may make an arrangement to cut the timber in conjunction with the cutting and taking off the small sized timber. Under that arrangement there is but one system of control, which is much better than a dual system of control.

Q. I can readily see that one control over any operation in any given area would be highly desirable, with a view to efficiency and effective control, but I think it is true, that in the interests of utilization of our forest resources, it is highly desirable that use should be made of all our types of timber?

A. In view of the variety of types of timber in our forests, it is well to have the right to say it is highly desirable to take off all that is marketable. Having that in mind, a year or two ago we undertook to dispose of an area in the Thunder Bay district, with the endeavour to utilize all the species on that area, the inferior species as well as the predominant species. And during this last summer we have made a complete plan, and laid down a working plan to be closely followed, with the hope that the adjacent areas will glean something from it, and we can show them that it is possible, and that it will add to the effectiveness and also aid the area.

Q. Just to follow that point, Mr. Cain. At the moment where there are

licensees of a given territory, those who would seek to utilize the wood on that area, which is not now being utilized by those who control the license, those who would seek to have the opportunity of using the other wood must deal with the original licensee, must they not?

A. Yes, as a matter of right, subject to the approval of the Crown.

Q. Let me put it in this way: If in the first instance the private licensee refused to consider it, then there is no power at the moment, on the part of the Crown, to impose such a delegation of license?

A. I do not answer that, No, generally. Most of the agreements provide that the Crown can, in that instance, step in.

Q. Are there any cases where the Crown has exercised its authority to force the granting of a license to cut?

A. I would not say "force"; but we have had cases of a mutual conference, without being charged with confiscation of private rights.

Q. I think agreements should be recognized and the obligations under them observed, but I do not think you would suggest that at the moment the general situation is such that you can say we are using to the maximum possible the various types of timber standing on those areas?

A. We are, if you consider the market possibilities.

There are so many different factors involved in connection with that.

MR. DREW: I think that winds up that point.

THE CHAIRMAN: Just a moment before we adjourn.

MR. J. M. COOPER: May I ask another question before you adjourn?

Q. To make it perfectly clear now, these concessionaires only have the concession for a certain type of timber?

A. Oh, certainly.

Q. And those other timbers can be sold by the Crown?

A. Oh, yes, without the consent of the concessionaire, only to say that this man wants to operate in there. If they make an agreement, all right.

(At 1 p.m. Thursday, January 18th, 1940, the Committee adjourned until Friday, January 19th, 1940, at 10.30 a.m.)

FIFTH SITTING

Parliament Buildings,
Toronto, Friday, January 19th, 1940.

Present: Messrs Leduc, Chairman; Cooper, Drew, Nixon (Brant), Nixon (Temiskaming), Spence and Welsh.

Order, please.

W. C. CAIN, Recalled.

THE CHAIRMAN: After adjournment last night, it occurred to me that you might give us some sort of a history of the Department of Lands and Forests.

A. Well, if it is a history of the Department you wish, it is rather a long one, but I think probably I can abbreviate it sufficiently in order to make it less burdensome.

HONOURABLE MR. NIXON: Q. How long have you been with the Department?

A. Practically 37 years, within two months I will have been here 37 years. now, I think probably I should just revert to the Treaty of Paris in 1763.

MR. DREW: That is far enough back.

MR. COOPER: Q. So we will have it on the record, will you tell us what positions you hold with the Department?

A. I am the Deputy Minister of Lands and Forests and also direct the duties usually incumbent upon the Deputy Minister of Forestry.

Starting at the British occupation of 1763, the Department, generally speaking, was governed by regulations issued by the Colonial Office in London, England, and one of the first important steps taken by the British Government following the occupation was in respect of timber lands. If I recall correctly—I have not brushed up very much on this lately—they pursued the same policy followed by the French with regard to holding in reservation the oak timber for the purposes of His Majesty's Navy. That accounts for the fact that nowadays you may run across—particularly the members of the legal fraternity—certain titles wherein you will observe that the oak timber is reserved to the Crown.

That reservation in respect of oak obtained for a number of years, until the Old Country realizing that they had found in Canada a type of timber very much akin to, and in some respects considerably better than what they called the Scandinavian fir, undertook for the purposes of His Majesty's Navy to substitute in effect, the oak, by our pine timber, because they found that they could utilize this pine timber for masts, for building and for naval purposes, and inasmuch as it was in a colony, they naturally preferred that timber. That

was really the beginning of the reservation of pine timber in all our grants in Eastern Ontario—not in all our grants, but in very many of the grants in Old Ontario.

The Free Grants Act provided in certain sections that the pine timber should be reserved to the Crown, and in many of the old grants that reservation still obtains, but as time went on the old question which we raised again yesterday—private rights—more or less projected itself into the legislative discussions. As time went on certain provisions were incorporated in our laws to enable the private owner, if he were actually a farmer, to get an out and out title even for the pine timber which was reserved.

The old colonial regulations obtained to a more or less certain extent up until the legislation was passed which practically created this Department; that was known as the Public Lands Act of 1827, which Act, subject more or less to changes as the years have passed, constitutes the Department of Lands and Forests.

MR. DREW: Q. What is its counterpart to-day?

A. Pardon me?

Q. What Act is the counterpart of it?

A. The Public Lands Act. The present Department is constituted under the Public Lands Act.

In passing I might remark, and I would like to get it incorporated in the evidence, because it will afford you an explantaion for certain criticisms you hear occasionally that documents cannot be secured—that is original documents.

After the union of 1840, the seat of Government changed. It alternated between Kingston, Toronto, Quebec, Ottawa and so on. Those five places alternated, three years here, three years there, three years back and so on, and in the natural course of the transfer of important documents to the seat of Government, certain of the old files, documents and instruments got misplaced, and I cannot tell you where they are.

THE CHAIRMAN: Q. Did the Department lose any documents in the fire of the Parliament Buildings, Montreal, in '49.

A. I could not tell you that. It is quite possible we did for this reason that there is a hiatus there in regard to certain documents which in years gone by we have endeavoured to locate and cannot. It is quite possible that many of these old lost documents which I really believe should be part and parcel of the archives of the Province of Ontario may be in the archives of the Dominion Government, because some years ago, I recall, the old archivist, the late Colonel Frazer—a very excellent person and a great student in that regard—visited Ottawa and found a large quantity of old documents boxed up. The late Dr. Doughty was good enough to let him make a cursory examination of those documents with a view to ascertaining if they belonged to Upper Canada, or Ontario, and he told me personally that he found a great many of them which

he considered should belong to the Province of Ontario. What became of them or where they are in Ottawa, I am unable to say, but at any rate we have never got those documents.

Then, from 1827, the Act which constituted the Department provided for a Department of Crown Lands, and provided likewise that it should be managed by a Commissioner—a Commissioner of Crown Lands.

Since the Act of 1827 to the present time there have been thirty-two different Commissioners or Ministers of Lands and Forests, with, I think, three of those thirty-two having been selected at different times. I would suggest for historical purposes that I put in a list of those various Commissioners and Ministers because there are some very, very important personages included in that galaxy.

HONOURABLE MR. NIXON: Q. Including the present Minister.

A. Naturally, even though he is absent. But I really mean that.

HONOURABLE MR. NIXON: So do I.

THE WITNESS: I am serious in that, and the reason I suggest that we incorporate the names of these Ministers is to point out to the Committee that from the very first moment of the organization of the Department, the importance of the Department was recognized in that they selected the best possible type of administrator they could.

MR. DREW: It is a pity the Minister is not here this morning.

THE WITNESS: No. Of these thirty-two may I remark that there were seven business men, two doctors, one lone editor, an agriculturist, twenty members of the so-called high legal profession—

MR. DREW: Q. Why qualify it in that manner? I am glad you associate it with the statement that they have always chosen men of the best possible standing.

A. And one labour man.

The first Commissioner of this Department was a very colourful gentleman by the name of Peter Robinson, who had a very, very important career. To be brief, I will just remark that he was engaged in the War of 1812 and 1813, having been Captain of a platoon away up at Fort Chillimacinac, at the head of Lake Huron. Later on he became a member of the legislative council and was appointed by the Government to institute a colonization scheme, and within two seasons—I have forgotten the years; around 1824 and '25, or thereabouts—he managed to bring in no less than over 2000 souls and settle them in the Peterboro district—that district being named after Peter Robinson.

Then it follows on with the others, but included in the others we have such individuals, outstanding men such as D. B. Papineau, and Prime Minister Sir John A. Macdonald, who was our Commissioner in 1847. There was Dr. John Rolph, a Commissioner of this Department, and if I am speaking correctly,

and I believe I am, he was associated with the revolutionary or reform movement in 1837, and escaped with another well-known gentleman to the United States, was subsequently reprieved, came back, and was later on appointed Commissioner of Crown Lands for Upper Canada; Sir E. P. Tache, who later became Prime Minister of Canada, as did Sir John A. Macdonald, was also a Commissioner of Crown Lands, and there are a large number of others, in the old days, such as Sir Matthew C. Cameron, Richard W. Scott, whose memory will probably be perpetuated by virtue of the famous Scott Act, which was passed. Then, there was Honourable Timothy B. Pardee, and I mention his name particularly because he was Commissioner of Crown Lands for practically sixteen consecutive years. We had such outstanding individuals as Honourable A. S. Hardy, who afterwards became Prime Minister of the Province of Ontario; Sir John Gibson, subsequently the Lieutenant-Governor, and then the Honourable E. J. Davis, who was responsible for my initiation into the secrets of the Department.

HONOURABLE MR. NIXON: Q. Have you secrets in it?

A. So-called, again. Then, Honourable J. J. Foy, who was our Commissioner for some little time, followed by Honourable Frank Cochrane, a man of the North, and an excellent business administrator; later on, Sir William Hearst; the Honourable G. Howard Ferguson; the Honourable B. Bowman; Honourable James Lyons; Honourable William Finlayson, and the present Minister.

There were three of these who were repeats, as it were, Honourable Mr. A. N. Morin, Honourable Louis V. Sicotte, and our own G. Howard Ferguson.

I would like, with the permission of the Committee, having in mind that I have tried to incorporate the names of these very eminent men, in the chain of dissent, because a civil servant very rarely has the opportunity of saying in public what he considers with regard to the men under whom he has worked and by whom he is directed.

MR. DREW: Q. Sometimes it is just as well, is it not?

A. I will answer that question in this way, Colonel: So frequently one hears here and there in a more or less clandestine way, at times, certain remarks in the way of unjust criticism on the part of the Ministers of the Crown. I am speaking from my own personal observations after having worked under ten of these Ministers, for five of whom I have been Deputy Minister.

I want to pay tribute to those men in this way by saying that I cannot come to any other conclusion but that each and every one of them for whom I have worked was actuated by the highest possible public ideals in connection with the administration of their Department, and what I observed more than anything in following the careers of the various new faces which appeared from time to time was that there was a marvellous transformation or transition from the public political individual to the executive administrative office of the Minister through the gateway of his oath of office. In other words just as soon as he becomes a Minister and takes his oath of office to perform his duty in the interests of the public, my observations have taught me that political

expediency is adopted so far as administration of the affairs of the Department is concerned, to the hilt, not withstanding the charges and recharges which you hear now and then all over.

In other words, my experience has taught me that the door of the Department of Lands and Forests is open for any, all types and species, it makes no difference what race, creed or policy, for the transaction of business, and these men have not spared themselves in doing what they believed, in my opinion, to be in the best interests of the public.

Many a night and extra hour I have spent with each and every one of those with whom at least I have worked as Deputy Minister, to work out the best possible practices which we could with regard to the administration of the affairs of the Department.

The constitution of the Department, as I say, is The Public Lands Act. In addition to The Public Lands Act we have various other Acts which govern us in our administration.

By the way, before I give you a list of those Acts, I suppose you will pardon me if I take a little pride in connection with this Department, because I should have said that in the development of the Department it gave rise to other departments which are now in existence.

In that Department there was conceived and born what is now the great Game and Fisheries Department. We handled that. When I say "We," I mean the Crown Lands Department, and the functions of that Department were subsequently covered by a special Act. The Northern Development Act was born therein. Originally the construction of colonization roads was handled by that Department. The Department of Mines likewise, came from that.

The terminology, "Crown Lands Department," obtained up until 1905, when the new Act termed it "The Department of Lands and Mines," in 1905.

Many considered that change, by omitting the word "Forests," was more or less an affront to those who were forestry minded, and they demanded the change, and it was changed in 1906, the following year, to the "Department of Lands, Forests and Mines," and that terminology remained until 1920, I believe, when the Department of Mines, because of the growing interest in that industry, was created into a separate and distinct department, with a separate Minister, and the Department, therefore, has been running under that name since that time.

In addition to The Public Lands Act, we have The Crown Timber Act, The Veterans Land Grant Act, The Provincial Forests Act, The Forest Fires Prevention Act, The Forestry Act, The Mills Licensing Act, The Pulpwood Conservation Act, The Provincial Parks Act, The Woodmen's Employment Investigation Act, and The Forest Resources Regulation Act, and as well, I might add, because of the close relationship existing between the Department, The Mining Act.

Generally speaking, those are the legislative enactments by which we are

governed in handling the affairs of the Department. That brings us down to the present day in connection with the Department. I am sorry, but I am afraid I omitted a very important Act, namely, The Surveys Act. I was quoting only the Acts which deal largely with The Forestry and Forestry management, and I should have added also to that list The Provincial Land Tax Act and The Lakes, Rivers and Improvements Act, and in addition to that The Bed and Navigable Waters Act, this last Act having to do with the building of dams, drawing of logs and the ownership of the beds of streams.

Then, following the constitution of the Department as enacted or provided for by The Public Lands Act, you have the chart which was lodged as an exhibit the other day, which merely provides for the Minister, and under the Minister, the Deputy Minister of Lands and Forests, and the Deputy Minister of Forestry, and Assistant in each case, and the various branches connected with that.

If you will follow the centre line down immediately from the Deputy Minister of Lands and Forests you will find that there is provision for an Assistant Deputy Minister of Lands and Forests. I should have directed you, secondly, to the right hand side, in the corner, where you find the Surveyor General. In other words, three executive officers as provided for by the Act, namely, the Deputy Minister of Forestry, the Deputy Minister of Lands and Forests, and the Surveyor-General.

THE CHAIRMAN: Q. I understand from this chart that the Surveyor-General is directly responsible to the Minister?

A. Pardon?

Q. I understand from this chart that the Surveyor-General is directly responsible to the Minister?

A. Yes, sir; he is directed to the Minister within his own realm, and that is largely confined to the surveying of lands and the running of lines and handling of certain lands within unsurveyed territory, as well as water powers, and questions arising with regard to the position of streams.

MR. COOPER: Q. Who is he at the present time?

A. Mr. C. H. Fullerton, O.L.S.

MR. SPENCE: It is easy enough for us to fill in the names of the gentlemen holding different positions.

Q. Who is the Assistant Deputy Minister of Lands and Forests?

A. Mr. Allan Ferguson. Then, underneath the Surveyor-General, if you are desirous of having the names, you will find the Inspector of Surveys, and Assistant, namely, Dr. J. L. Morris, and immediately underneath, Mr. N. A. Burwash; Chief Draughtsman, W. F. Weaver, and then the various clerks underneath; Chief Geographer, W. H. Heath. Immediately under the Assistant Deputy Minister of Lands and Forests, which you notice is linked up with the Deputy Minister of Forestry, you have Provincial Forests, and the Forester

in charge, J. F. Sharp; Records Branch, Chief Clerk, F. Samuels; Supervisor of Operations, R. A. Campbell; Accounts Branch, H. M. Lount; Woods Branch, J. F. Sharp, the same as Forester in charge; Patents Branch, the head clerkship of which is vacant at the present time, the former chief having died some little time ago after forty years' experience in that Department, so that position is still vacant and has to be filled. Then, the Chief Clerk of the Lands Branch, Mr. Selby Draper—

MR. SPENCE: Q. Land Tax—who is that?

A. I said, "Lands Branch," and immediately following that you find, Provincial Land Tax, Mr. J. B. Metzler, who is also our solicitor; Statistician, Mr. J. B. Thompson.

Under the Deputy Minister of Forestry we have the Radio, which is a vacancy too. The Radio Superintendent resigned some months ago and we have made no appointment since. Provincial Air Service, Mr. G. E. Ponsford; Provincial Forester, E. J. Zavitz.

Immediately under that, following the line of demarcation, you will observe the Assistant Provincial Forester, Mr. C. R. Mills, who at the present time, as a matter of fact, is in St. Thomas, having enlisted in the Royal Air Force some few months ago. Mr. R. Johnston, is the aerial survey forester in charge of photographic work; Mr. A. H. Richardson is in charge of reforestation, which involves the distribution of seeds, or seedings, and handling of reforestation.

Dealing with provincial forest stations, there are three: at St. Williams, Midhurst, and Orono. Mr. F. S. Newman, the Chief at St. Williams; Mr. M. A. Adamson, at Midhurst, and Mr. G. Linton at Orono. Under forest pathology, we have W. R. Haddow, whose services are largely confined during the winter season of the University course season to lecturing in the University of Toronto in connection with the Department of Pathology of the Forestry Scheme. He devotes his time during the summer to forest investigations.

Then, we have two entomologists, namely, Mr. H. Parsons and Mr. J. A. Brodie, with Mr. I. C. Marritt in charge of Demonstration Wood Lots.

DR. WELSH: Q. What is the principle under which they are set aside?

A. What is that?

Q. In regard to the Demonstration Wood Lots, what is the system, and what function do they perform?

A. I am glad you asked that, because I was just going to suggest to the Committee that we incorporate as evidence this pamphlet, which gives you a complete history of the wood lots, and I believe that there was a copy of this pamphlet which we have recently published, placed on the table of each one of the members of the Committee yesterday.

DR. WELSH: Yes.

THE WITNESS: Exactly.

DR. WELSH: Q. Are they made use of?

A. Absolutely. As a matter of fact, if and when you read that you will be able to learn to what extent in that respect we are trying to carry out the idea which Colonel Drew was trying to present yesterday, that is to see if we could, in some way, shape or form exercise control over privately owned lots, and the method is through active sympathetic co-operation between the farmer who owns the wooded area and the Crown. It is very, very interesting to note that there are many of them who in the early days looked more or less with askance upon our efforts to demonstrate to them that they could in due time, by the application of scientific forestry methods, maintain more or less in perpetuity, trees, upon their farm wood lot areas, and still at the same time commercialize a portion of that. I think that would answer your question.

MR. DREW: Q. The Demonstration Wood Lots are all on private property?

A. I think we have a few on our own. Yes, I think we have a few on our own.

Q. Generally it is a development on private property?

A. Correct; that is right; in old Ontario. It is just another important step which has been taken towards developing public forestry consciousness, and it is growing in that direction.

Q. Just at this point, as a matter of explanation, one sees these wood lots in driving around through the country, and it is usually apparent that there has been a good deal of work towards the improvement of general conditions and so on, but what plan is adopted in order to express or convey to the public the value of that experiment?

A. Just by the issuing of such pamphlets as this, and by giving lectures and talks throughout the Province, calling together the farmer organizations, the different institutions, and in that way you get contact with the general public along our educational lines.

Q. I think in that direction it is rather important, in order to complete the picture and in order that there be something on the record which is clear as to the actual method by which this work—with which I heartily agree—can, if given an opportunity, do some public good. After all, there is a very much abused word used nowadays—propaganda—and it is part of the mechanics of the Department, actually, to propagate certain definite theories in regard to the control of forest property. In this case, would you describe in a little more detail exactly what measures are adopted to convey to the public on the one hand the results to be gained by the work done on these Demonstration Wood Lots and on the other hand to arouse the public interest in the experiment which is being carried out?

A. I will have to repeat in the first instance what I said before: One method of calling to the attention of the public the work which is being done and the advantages to be derived therefrom is by the issuing of pamphlets such as this one. We had run out of our old pamphlet a short time ago and we decided to reproduce

this one, which we completed a short time ago and which we are distributing now. We are distributing now up to probably 10,000 of these amongst the farming communities in the hope and expectation that they will take a keener interest and show wider vision with regard to something, which, as you say, is of direct interest to themselves and to the general public. Following that up, in regard to the various organizations such as farming institutions and schools, our forester delivers lectures, and he is also loaned by us to the Department of Agriculture at Guelph to deliver lectures to the students in the Agricultural College.

Now, if there is any further detail required in connection with that, I will be glad to let one of the boys who is in charge of that give it.

MR. SPENCE: Q. You supply, free, the cost of these trees for wood lots?

A. For planting, yes. The idea is to demonstrate to the private farmer and to the owner himself that he can scientifically handle a plot, or lot, so that he can make it commercially valuable to himself and thus get away from the idea of no control. This, probably as much as any other means, has been a factor in making the farmers realize that if they pay attention to the maintenance of wood lots, the ill effects of spring floods will tend to be eliminated, or be decreased, at any rate.

MR. COOPER: Q. Do I understand that the experts of the Department actually go down and show the farmer what to do?

A. Certainly; absolutely; get direct contact with them.

DR. WELSH: Q. The district forester does that?

A. Well, not the district forester; we have itinerant foresters who do that, under the Chief Forester of reforestation. That all comes under the heading of reforestation in connection with our reforestation advertising programme.

MR. W. G. NIXON: Q. I see by the last report there are 260 Demonstration Wood Lots?

A. I do not just recall the number.

Q. It says so on page 236 of the Report of the Minister of Lands and Forests of the Province of Ontario for the fiscal year ending March 31st, 1938.

A. I see.

Later on, if you want any further details in respect of the manner in which that is handled or of the general responsibility of the farming element, I would be glad to have one of the officials in charge here for you to explain those things.

Then, I do not think I gave you the names of the Forest Surveys Aerial Sketching Timber Cruising Drafting. That is also under Mr. H. Parsons, whose name I gave you a short time ago as being one of the entomologists, and one of the foresters. Mr. J. A. Brodie is also a forester. Then, we have our

collector under Railway Fire Charge Act, Mr. E. H. Telfer, and some of the sub-offices of the Forestry Branch, namely, Timber Sales Clerks, etc., A. H. O'Neil; Timber Returns, etc., H. D. Gillard; Collector of Revenue, etc., S. D. Meeking, and Activities under Mills Licensing Act, Miss E. C. Armer and J. B. Thompson.

Now, I may remark of these various executives that fortunately, from my point of view, they have all been with us, every one of them, for years, except two, both of whom are new appointments in the last four or five years in the room and stead of those who have resigned. Mr. R. A. Campbell was appointed to succeed the late Major Hart, who was followed, by the way, by Mr. Thorneloe, who is now in the army; and the solicitor, Mr. J. B. Metzler.

Those are the only two new officers we have, I think, on that chart in that service. So that there has been a continuity of service with respect to these key men.

That, briefly, is the organization—

DR. WELSH: Q. Are the district foresters university graduates?

A. Every—I will not say "every" but almost every district forester is a graduate; in the twelve districts there may be two that are not forest graduates, but there are graduate foresters, technical foresters, in the districts under the district foresters.

Q. What are the duties of the district foresters?

A. The district forester has charge of the respective district, for the purpose of forestry administration. All the employees that are under him, whether they be scalers of wood, pulpwood, timber, or assistant scalers, or whether they be officers for the purpose of surveying—

MR. COOPER: Q. That raises the question, Mr. Cain, of how many districts are there in the Province?

A. There are twelve districts.

Q. There are twelve shown on that map?

A. Yes. Starting at the west, there is Rainy River District, which is in charge of George Dellie; the Kenora District, W. D. Friend; Sioux Lookout, J. B. Matthews; Port Arthur, Fred J. Dawson; Kapuskasing, Mr. T. P. Mackey; Cochrane, T. O'Gorman; Sault Ste. Marie, George Phillips; Sudbury, J. D. Jones; North Bay, J. P. Marshall; Parry Sound, A. E. Whitehall; Algonquin, Frank McDougall; and the Trent, H. W. Trotter.

MR. SPENCE: Q. The same districts have been for a number of years under the same organization?

A. Practically the same for a number of years, except for slight variations.

Q. No new men have been appointed there?

A. No recent appointments have been made; the men are the same. In addition to the district foresters, who may not be graduates of forestry schools, after all, while it may be very desirable, it is not altogether essential that the district foresters should be an academically trained man, for this reason, that it is not only technical matters that attract their attention, but the question of organization is a very important thing. An individual may be very remarkable in organization matters and well able to direct; and just so long as he has technical men under him it works out advantageously. I wanted to make that clear. I think it was the Doctor who asked me about that.

I think we have 37 technical foresters, academically trained, in the Province. And, by the way, in that respect when we speak about the Colonel's remark of a moment ago about educating the public, it is only slightly over thirty years ago that we had a forestry school in this country.

The University of Toronto, I believe, established it only in 1907; so that they have been training foresters in this country only since that time.

Our own Provincial Forester, as a matter of fact, graduated before our school was started, Mr. Zavitz, who received his education in the United States because we had not any academic school of that kind in this country.

I rather think that along that educational programme we have made reasonably good progress.

In that regard, I might for the moment follow up a point, which, I think, came up yesterday, where I made the remark that there was a very important gap existing between the technical man and the practical man, and that is nicely bridged now because each has become minded of the offices viewpoint in the Province. And one other reason for my assertion in that regard is this, that during the last few years we have undertaken an arrangement with the University of Toronto, through the Forestry School, whereby we take the boys at the end of their course, for a few weeks, down into the districts, and we take our practical men, our scalers who have had long experience, and we give the young graduates through our practical men a series of instructions, with a view to augmenting the academic training they have received, so that they will be in a position to write upon the regular periodic scalers' examinations, to become qualified under the law. And the response to that has been most favourable. The boys are very interested in that. And when the academically trained man, the so-called forester, as he was termed in the old days by the technical men, goes out into the bush and says I am a qualified man, and I have on top of my qualifications an academic background, the qualifications are worth while. I think it has been a rather important step.

MR. COOPER: For what purpose is the zoning?

A. First of all, the magnitude of the country and the necessity of so segregating that the handling of affairs could be done much more efficiently than they could do it from headquarters with a centralized force, in matters that are largely local.

Q. What I want to get at, Mr. Cain, is, How are these district organizations broken down?

A. First of all, we have a district forester, and under the district forester, we have, of course, various men.

The district forester, of course, has charge of our fire protection service in his district. Then under him he will have his chief fire rangers, and under his chief fire rangers he will have his deputy fire rangers—that is the fire protection part of it. Then he will have his mechanics, who have charge of reconditioning the equipment and keeping it in order.

Then, in another branch of his work, he has the scaling branch, which is made up of scalers and assistant scalers, who go into the bush to examine the timber, and the Government gets the record of the timber cut from time to time.

Then he has, in addition, certain set men who have had enormous experience in the bush, who will be sent out over a local area to ascertain the conditions of the timber.

Q. One thing which struck me in the Sudbury district, is that, for instance, in the summer time you employ a great number of extra men for fire protection, and in the winter time you employ scalers. Is there any way by which these positions are interlocked?

A. Yes. We do our utmost to give work to that type of men over as long as a spread in the year as possible; and some of these men are full time men. In other words, the winter months keep them regularly busy at their scaling; and then when the scaling season is over, they are immediately transferred to the fire ranging. In that way they are able to maintain a more uniform and more efficient administration.

Q. Is that a policy which has been adopted recently?

A. In the last few years we have tried to do that as best we could, over a spread of years. It is always our hope and expectation that the day would come when we would have sufficient operations going on to keep numbers of those constantly employed from one end of the year to the other.

May I suggest, Mr. Chairman, with regard to this map showing the districts, that we have it photographed, the same as the others which were put in yesterday?

THE CHAIRMAN: Yes. Photograph it and it will be Exhibit No. 9, a map showing the twelve Forestry Districts of the Province.

EXHIBIT NO. 9—Filed by Mr. Cain: A map showing the twelve Forestry Districts of the Province.

THE WITNESS: Are there any other questions on this map?

With your permission, I would just like to give you certain headings that we consider as items on our programme of Forestry Administration—a programme of work. I want to get away from the idea of "policy" so far as I am concerned, because I have nothing to say or do with policy. That is the reason I am going to use the expression Forest Programme, instead of "policy."

Under those headings I would like to place these: Forest Management, of which we heard more or less yesterday. Then Forest Service and Inventories; Forest Protection, which involves fire and insects and fungi. And then Forest Research. Now, that, to my mind, is an item on our programme which is not by any means, in my opinion—and I want to be frank in saying so—sufficiently developed, because of the fact that no clear-cut organization has been provided to meet it.

In other words, I do feel that we should devote more time to the study of utilization of our forest products, this utilization involving the ascertainment of markets, and various other fields of economics.

If this Committee did not do anything more than this, that is, provided they would carry out my suggestion, I think they would make a reasonably valuable contribution to the discussion, if they would recommend that there be some definite fund created just for that specific purpose of Forest Research.

The questions that the Colonel was asking the other day, What do you know about Finland? Have you given any study to Sweden? Do you know anything about Norway? What do they do in in British Columbia? What do they do elsewhere?

Our knowledge, from a practical point of view, of that, is to a very large extent limited by reason of the fact that we do not get any person there to see it.

From time to time an occasional conference may be held, to which we may have the privilege of going, as I had a few years ago. Mr. Zavitz, previous to me, was sent to Australia to a British Empire Conference. I had the privilege of attending one in 1935 in South Africa, where practically every portion of the British Empire was represented by very outstanding foresters. And I learned with very, very much surprise that they knew almost as much about the Canadian forests as we did, because they had been provided with opportunities of personally investigating, at the request of their Governments, the actual processes of the forestry programmes which were being operated where they went. And the British Empire programme being limited very largely to forestry matters, it nevertheless involved the practical side, and is a very valuable force in the Empire, to get together representatives of the Empire, to exchange their ideas with a view to the inventories they have made, and to making suggestions towards improving each one's services and enlarging his outlook.

And, if I am not trespassing on your time, I would suggest that in establishing a fund of that kind, the companies operating in the bush, like the pulp companies, loggers, and so on, be asked to contribute annually a small amount—I say a small amount, and it would be small in relation to the operations that are being carried on and the quantities that are being produced—to create a fund which might be augmented to a certain extent by the Government; and that fund to be left to the discretion not so much of the Government, because outsiders would say, Oh, well, the Government has it, but left to the discretion of a special board, so that if, for instance, I would like to send one of my boys down to Texas to-day to look into the newsprint mill which is being built there, and look into the utilization of Southern pine and get the facts on the ground by contact with those who have knowledge, we should be able to do so.

DR. WELSH. Q. Would it not be a good thing, owing to the large grants made by governments to universities, if universities should be asked to establish a branch for study along that line, as they do in providing insulin?

A. I think it would be very desirable, Doctor. I have not been associated with the University very closely lately. I am not sure whether there is any provision now for scholarships in forestry for research work over there. Mr. Sharpe might be able to tell you that. No, I believe not.

MR. COOPER: I do not think the suggestion of contribution went over very big, judging by the expression in the faces of the Abitibi representatives.

THE WITNESS: The business acumen represented by the various heads of the pulp companies, whether they be in receivership or not, would back up a suggestion similar to that. I know that already I have quietly contacted one or more of the outstanding companies with that suggestion, and it was sympathetically received. I believe likewise, while I have mentioned it to certain of the bigger timber logger operators, I did not get a refusal, and it might not be unacceptable to them.

DR. WELSH: Q. Is there any research work done in connection with the Dominion Lands and Forests?

A. The only services of any direct importance to us by the Dominion Government is the research work, not exactly the research work but the practical work in connection with the combatting of certain of these insects.

For instance, the spruce sawfly, which has made such heavy inroads into the Eastern portions of the Province of Quebec, the Gaspe area, caused the Dominion to intensify its efforts in fighting that spruce sawfly to the extent that within the last two or three years they have built a large laboratory at Belleville, to which point they have imported certain parasites from the Central European countries to combat the spruce sawfly.

Now, we found two or three slight infestations in the Province of Ontario, and under an arrangement with the Dominion Government, we disseminated several thousands of these parasites, and we do feel that they have had beneficial effect on these small areas which we found infested.

And I may say that last year the Provincial Government, through our Department, made a contribution to the Federal Government in that regard to the extent of $3,500.

There again the question arises as to whether or not the Dominion Government should consider it of such national importance, as the forestry products industry is important, that they would look after that themselves. But, at any rate, so far as any duplication of services in that regard is concerned, there is no duplication.

The laboratories at Ottawa and Montreal run by the Dominion render a very important service in connection with the testing of timber, ascertaining

of the different qualities of various types of timber; and that record that they keep is always available to the Provinces.

MR. COOPER: I do not want to divert your mind, but talking of research, what, if anything, does the Department do to promote trade and bring in industries? Have you anybody in your Department for that purpose?

A. No, we have not. We have no branch on the promotion of trade or matters of that kind.

Q. What is your opinion about that?

A. My opinion, as I have explained, is that this fund which should be created would provide a sufficient means whereby study along more extensive lines could be made with respect to that; because, for instance, here yesterday or the day before the question came up, Where are your newsprint mills in the United States? It is true we could get, from the various directories, like Lockwood, and so on, where the industries are and what kinds and varieties of timber are used. But we have not been organized along that line, because the necessity for it never arose. But, nowadays, with the world being a unit almost, instead of being subject to local divisions, my opinion is that such work as that should be provided for in the way of a fund.

MR. W. G. NIXON: Q. Do you feel, Mr. Cain, that the White Pine Bureau would favour something of that kind you have mentioned?

A. No.

Q. I mean in carrying on the work of which you have just spoken?

A. Oh, certainly, I am satisfied of that. I am satisfied that it would be received sympathetically by the White Pine Bureau or by anyone of the numerous organizations that they have in connection with the forest products industry.

HON. MR. NIXON: Q. Had there been shipments from Burk's Falls?

A. No.

MR. DREW: You mean under the Act passed last year?

A. Yes, the inquiries were so small, and it is all pioneering.

There was a British company which came a year or so ago, and the amount of lumber is so small in comparison with the amount of lumber cut, that it is very small.

In the last year or so, some firms started up down in New Brunswick. But the London firm indicated to me that the process employed by themselves necessitated the veneering being done right at their plant. I think there was some loss in shipment. It would not be like the soya beans of which we saw yesterday, where several thousand tons of soya beans became water-soaked and burst the boat.

MR. W. G. NIXON: Q. We have a lot of tamarack coming back?

A. Yes.

Q. Do you know anything about the control of the insect which was destroying it?

A. No, I am not familiar with it. I have followed it in a general way, that in 1928, the tamarack insect made inroads from United States to the eastern part of the Province and killed nearly all our tamarack. But in later years it has come back very nicely.

As a matter of fact, one of the best tamarack stands I saw was away up north, where they were not supposed to be able to grow that type of timber. But, through the north, it is scattered here and there. You would have to get Mr. Zavitz to explain it to you.

MR. SPENCE: How do our dues compare with those charged in the other provinces?

A. I do not know. I am on my oath, and I could not tell you. The system of bookkeeping may be very different in one province from that in another; and the system of dues may be different. Unless you are acquainted, first of all, with the system of disposing of their timber and the method of bookkeeping that is practised in the Government, all you can do is to take the general figures. And, as Colonel Drew remarked yesterday, or the day before, when we brought in our figures as to the Air Service, we just brought in the general figures showing the services. We have all the figures broken down in our own books, and we can supply them to the House or to the Committee in a few days. They are all broken down in our own books.

MR. DREW: Q. Does that cover generally, Mr. Cain, the general references you wish to make?

A. Yes, sir.

Pardon me, I think I was interrupted in some of the programme, and I think I was broken off in Forestry Research. The other point is Forestry Education, of which we have spoken; and then Reforestation, which we have talked about. And then, in relation to that, of course, is the question of colonization, which always naturally relates itself to Forestry. And then the farm wood lots, of which we spoke; and then the recreation of forests. Typically, in connection with that, you might refer to Timagami and to Algonquin Park, and to a lesser extent, Quetico Park, because there are not the same visitors going into Quetico as into the other parks.

I think Mr. Spence will bear me out that most of the visitors in Quetico come from the Minnesota border; and they have municipal forests and forest legislation.

In connection with the Quetico Park, there has been an agitation on for some time, more or less insistently, for the last six or eight years by United

States interests, those interested largely in the conservation of natural resources to have a treaty entered into between Canada and United States providing for what is termed the Quetico-Superior Forest Reserve.

It was only within the last year or two that it was formally brought to our attention in Ontario through the Dominion Government.

From time to time, more or less informally, visits would be made by certain members of the United States Committee, which I think was personally appointed by President Roosevelt, just making inquiries in regard to the attitude that Ontario might take.

It is only a suggestion, but I would prefer if the members of the Committee, provided they had time, could look into that somewhat; because I am not prepared personally to take the onus of recommending any one course or the other. The general idea is that we should join with them and add to the Quetico area, which is now some million and a quarter acres or thereabouts, a large area right down to the Pigeon River, with a view to trying to perpetuate that as a timber and summer resort and game reservoir. Just to what extent it would be of direct advantage to Ontario, I am not just at the moment prepared to say. But they have been urging it during the last few months through the Dominion Government.

That is a matter I thought I would mention here as something we later on should give some consideration to.

MR. SPENCE: There are waterways there?

A. Yes, there are a lot of interests in waterways, and so on.

I wanted to mention it. I did not want anyone to think it was a matter of international importance which was entirely overlooked.

That is all, Colonel, I have to mention.

By MR. DREW: This information has been extremely useful, and I wanted to intimate that I was merely deferring my questions until such things as were deemed desirable by the Minister or Mr. Cain should be raised.

Q. There was one thing which I had in mind asking you, when you were done with making your statement, and that was this very matter of research, having regard to some idea that out of this might come some useful suggestions, I intended to ask you about that very thing. And when I referred to the methods adopted elsewhere, I am only doing it with the idea of suggesting that it may be wise to consider the methods adopted in other countries, such as Sweden, which is next to Canada the largest exporter of forest products in the world. For that reason I thought it should have some special attention?

A. I thought Finland claimed that.

Q. I think Finland has the highest per capita export in the world, but I understand that Sweden has the largest total. Both are extremely important.

It seems to me that Finland and Sweden have achieved the highest forest resources. Sweden has what they call the Institute of Experimental Forestry; and that institute, as you have pointed out or suggested might be done here, is sustained by subscribed funds, and they look into the use of forest resources in other ways than those in which they are now being used.

I want to preface my question by this statement. One of the things which has impressed me with the desirability of a Research Commission or Institute, such as they have in Denmark or Finland, is that I have seen some of the results of research in regard to Forestry. Take Germany, for example. In Germany you will find to-day all manner of things being made, from sugar to military explosives, and while it would be impracticable for us to adopt methods which would be more expensive than normal production, yet it does seem to me that a research department which was studying the development in other countries, in connection with our local conditions might find something of benefit to Canada or the Empire?

A. That is what I have thought. I have often thought that the Provincial Research Foundation—I do not think that they make any very important efforts in that direction, in connection with forest resources.

Q. In any event if they were, you would know about it?

A. Oh, yes.

Q. That was my thought. As I understand it, after the long years of experience which you have had, your recommendation to this Committee is that we in turn should advise the wisdom of establishing a Research Institute or Research Commission, or something of that nature, to explore the possibilities of increased use of our forest resources?

A. Yes, I am not wedded to any particular terminology. I would suggest that any such board or committee or institute or commission—I do not like the word "commission" myself, but we use it—be formed. Then I would say that on the personnel of that Commission I think you should have a number of the officers of the Department itself, who are actually engaged themselves in the forests of Ontario, rather than to have a mere outside committee who would not be daily in contact with the problem which faces them.

We could undertake to say, yes, let us establish an impartial tribunal to operate along the lines which you suggest, and let it be a political tribunal, if you like, but that would not be of much use unless they were so closely tied up with the officers of the Department who are doing their best to administer the forests; and I do not think you would get the best results or as good results as if you had on that Committee or Commission some of the officers of the Department.

Q. I find that one of the methods adopted—again I am referring to Sweden —is to set up local commissions in different areas?

A. District Boards, I think they call it, I say that because my former Minister, who was a great student of forestry affairs and keenly interested in

the management of forests, the Hon. Mr. Finlayson, some years ago, while he was my Minister, paid a visit to Sweden; and, while he was impressed with some of those various things to which you have reference, I think, probably, he used in his comments to the papers afterwards "District Board"; but that is not here or there.

Q. I am using the word which is in a book which was printed in Sweden?

A. To be frank, I did not take very much interest in it after my Minister came back, because I recall Mr. Finlayson, after visiting Sweden, made his very instructive statement to the press, that while there were some things in the Finnish Administration that intensified his interest, in the main, he said, he did not think Ontario had much to learn from Sweden.

Q. I am referring for the moment just to the suggestion, whether it is a Commission or a Board, in the Swedish text which I have here the word "Commission" is used. Apparently the system then is that it is divided into districts, and then the local Commissions or Boards—call them what you will—the actual control of that Board is in the hands of three people, one appointed by the Government, one appointed by the Industry, and one appointed by Local Associations at different times.

I had in mind—I am just casting it out as a suggestion which might or might not be worthy of consideration—that, having regard to the fact that the utilization of the resources depends not only upon the stand of timber, but also upon its accessibility to markets, and whether there is power nearby, and whether transportation is available, and so on; and, having regard to the fact that these factors are different in different areas, it seemed to me it might be of benefit to have some such public body in different localities?

A. I think it would be of direct advantage.

Q. To go further than that, I thought it might be a very good thing, having regard to the fact that we are looking at the long term interests of the Province rather than the interests of any individual, and I had in thought something along the line of the Industrial Councils in England, on which there might be a representation of some public body, a representation from labour engaged in that industry, and possibly an appointee by the Government. Do you think that might work out?

A. That might work out in practice all right, provided always that the relationship between the respective officer of the Crown who is delegated to keep in touch with them anagement of the forests in his respective area or areas is not broken.

Q. My thought would be that such a body would be advisory, and related to some Institute. Do you think that would be practicable?

A. It sounds sensible.

Q. Then you are really suggesting to this Committee that we should recommend the establishment of some system for the co-ordinated research as to the use of our forest resources?

A. That is right.

Q. Then, to come to the other point which we were discussing yesterday, and again I am referring to Sweden, I would like to read—

A. The Department was hoping that this year there was to have been a European Conference on just such matters as that, to be held in Finland; and later on the British Empire Forestry Conference was to be held in India. The war has upset all those plans. Some of us were hoping we would have a chance to go to those conferences, and to be able to look over Sweden and Finland and get first-hand information, as you are relating to us just now.

Q. I would like to read some of what is in here—

THE CHAIRMAN: What are you going to read from?

MR. DREW: The particular one I am reading from now is the Sweden Year Book of 1938, published in Sweden. This paragraph merely summarizes what they give in greater detail elsewhere, but it refers to the point we were discussing yesterday, and that is some system of control over the methods adopted on private property; and it has described that they exercise that control under a National Forestry Board, which, in turn, establishes or has its authority exercised through these local forestry commissions. And this is what it says, in summarizing that:

> "If timber be cut in a manner contrary to the law, the Forest Commission must first try to prevail on the owner voluntarily to change his methods. If a voluntary agreement cannot be reached, the Forest Commission has power to forbid further felling except by its orders and to summon the owner to a Court of Justice. The Court will then decide what is to be done. The decision of the Court shall also apply to any new owner of that forest. Should the stipulated measures for forest cultivation not be carried out within the time prescribed, the Forest Commission can have them executed at the expense of the forest owner and the costs collected by the executive authorities."

Would you agree with that?

A. I would quite agree with that. That is quite in harmony with the opinion I have expressed yesterday as to the control of the Government over privately owned lands.

In connection with that you might incidentally refer to a perennial or annual question in regard to Christmas trees.

That system would naturally place in the hands of the Board or Commission some control over the cutting of Christmas trees concerning which we hear so regularly. The Christmas tree industry is a very important industry.

Q. It will be, if we win this war, which we confidently hope?

A. And in that way, it is necessary, I think, for the Government to attempt a sympathetic control over the cutting on privately owned lands.

Q. Now, I wanted to refer to another point this morning, before I pass on from your evidence, Mr. Cain. You have spoken of the various Acts by which the Forest Resources are controlled. After all, you have had a longer continuous experience, I understand, than anyone else now connected with the Department, have you not?

A. I think I have two of my officers who have been in the Department longer, but they have not been associated with the Timber Administration.

Q. You know the details of the Forest Resources Regulation Act of 1936?

A. Yes, I think so.

Q. Were you consulted in regard to the adoption of that Act?

A. The original Act, or the new Act?

Q. The Forest Resources Regulation Act of 1936?

A. I beg your pardon.

Q. The Forest Resources Regulation Act of 1936, were you consulted in regard to the desirability of that Act or otherwise?

A. My Minister conferred with me, certainly.

Q. Do you know from what precedent that Act was drawn?

A. I think we established a precedent.

Q. I think so, too, but I want to confirm that opinion. You have spoken here historically as to how our early control of the forests came from England, at the time of the English occupation of this territory?

A. Yes.

Q. Then you will trace through the historical development, and in the early Acts one can trace those Acts to some precedent elsewhere. I have been unable to find any precedent whatever for the Forest Resources Regulation Act of 1936. Do you know any precedent for it?

A. No, because I do not know of any other Act just the same as it.

To be candid, I do think that the Act passed by the Quebec Legislature, of which I have not knowledge in detail, is in effect equivalent to that; and, if I recall it correctly, you are getting perilously now on the border line of policy.

Q. No, I am not getting careless on anything?

A. You see, I am free to answer anything and everything I can, but I do think there is a relationship existing between a Deputy Minister and a Minister with regard to matters pertaining to a Department, where representations are

made or where opinions may be expressed, and when it deals with a matter of policy—I may be wrong, but it has been held in Court that that is a privileged document.

In other words, if I make a recommendation to my Minister to be conveyed to the Cabinet on a given subject, I look upon that as a privileged document. Not that I say that I issued any particular confidential one in that regard; but that Act was the result of opinions of certain members of the Department, after the Minister took the matter up with certain other members of the Cabinet, or perhaps all the Cabinet, so far as I am concerned.

And this legislation, or any other legislation must necessarily be taken up by the Government in power and determined by the Government before it is submitted to the House.

Q. I may not have made myself clear, but I think you have anticipated?

A. No, I did not anticipate anything because I did not know what you were going to ask me.

Q. I was merely asking you a question as to the fact. Do you know of any Act of a similar nature in existence anywhere else, not only in Canada, but anywhere else in the world?

A. Unless the Act in the Province of Quebec. My answer to you briefly is this: I can not point to any particular Act in any Statute which is identical with that; frankly, I can not.

Q. I do not mean identical. Let me bring it down to the specific point, Section 2, Subsection (*b*). I am not asking for a legal interpretation or otherwise, but for information in regard to your own knowledge of it. Section 2 provides that upon the recommendation of the Minister the Lieutenant-Governor-in-Council may make such regulations as may be necessary for the more economical operation of the area or areas, and may, and then I read subsection (*b*), may increase or reduce the size of the area or areas included in any license, lease, concession, agreement or arrangement, having regard at all times to the maintenance of sufficient supplies of timber for the purpose of the business of a company holding such license, agreement, concession or arrangement.

Now, quite apart from any question of policy, I think you will agree that it is obvious that that particular section with the subsection which I have read, gives absolute authority to the Department to vary the holding of a licensee, subject to the supervision of the Cabinet?

A. That was intended.

Q. And also it was provided that regulations might be passed for the carrying out of the provisions. Have there been regulations passed?

A. No, each and every case has been governed by the circumstances.

Q. At the moment, by Order-in-Council, the Government on recommenda-

tion of the Minister may increase or reduce the size of the area or areas included in any license, lease, concession or agreement or arrangement, having regard at all times to the maintenance of a sufficient supply of timber for the purposes of the business of a company holding such license, agreement, concession or arrangement?

A. That is right.

Q. And that power may be exercised in the discretion of the Department?

A. No, in the discretion of the Lieutenant-Governor.

Q. In the discretion of the Cabinet on the recommendation of the Minister?

A. Yes.

Q. I think you will agree that the effect of that is to very seriously limit the rights conferred by the licenses granted under the Crown Timber Act, does it not?

THE CHAIRMAN: After all, it is a matter of interpreting that Act, and we may all have our own opinions as to the real interpretation of the provisions. I do not see why Mr. Cain should be required to answer that question.

MR. DREW: I will defer it until the Minister is here.

WITNESS: I say that the operation of the Act applies to the word "license", that would cover timber licenses in the same way that it would concessions. It it is found that a timber licensee has an area upon which there is an excessive quantity of timber, and that, having regard to the utilization of the timber resources, and that in the interests of the Crown—it is to be ruled by that. That is all founded upon consultation with the licensee. It is permissive. And whenever the Crown, the Minister or the Deputy Minister or some officer of the Department considers that some move such as that should be made, we get the licensee and bring him in and have him sit down at the table, and see if we can come to some arrangement which is fair and just and reasonable to everybody.

There is no feeling in my mind, and I think I can express the opinion of my Minister—that that Act should remotely be considered as any move on the part of the Government to confiscate any rights of any person interested.

Q. I say that this puts the gun at the head of every company supposed to be operating under existing agreements, and puts it in the discretion of the Crown, as the Department has complete authority to determine, but always subject to the decision of the Cabinet, which the Cabinet would give on the advice of the Minister?

A. If the Government decides.

Q. And then the Company has no appeal from that decision?

A. If each and everyone is left blessed in the final analysis.

MR. DREW: I think probably I had better not ask any further questions in regard to that, because I have now come to questions of policy. I think any further questions in that regard should be asked of the Minister; and for the present I would leave any further questions for the Minister.

HON. MR. NIXON: Q. Are you going on with the Abitibi? The Committee ought not to be held up.

MR. DREW: I have not held things up. Mr. Heenan went into very great matters at length, and Mr. Cain has followed.

I have been ready since the first day to ask questions on the Abitibi matter; just as soon as Mr. Heenan is ready I can proceed with him on it, next Tuesday.

I have been as anxious as anyone to get on with the Abitibi.

It was the Government's proposal, however, that a long statement was put in by Mr. Heenan; and then it was their desire that the Deputy Minister should be heard.

I was not in a position to object to the putting in of the evidence that they have put in.

THE WITNESS: One of the officials thinks you misunderstood one of my expressions. I used the expression "perilously close to the border line."

MR. DREW: I understood you to say "carelessly close to the border line." I think the questions immediately succeeding that may be struck out, because they were based upon my misunderstanding of the word you used.

THE CHAIRMAN: The Committee will now adjourn until Tuesday morning at 10.30.

(At 1 p.m. Friday, January 19th, 1940, the Committee adjourned until Tuesday, January 23rd, 1940, at 10.30 a.m.)

SIXTH SITTING

Parliament Buildings,
Toronto, Tuesday, January 23rd, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon, (Brant), Nixon (Temiskaming), Oliver, Spence and Welsh.

THE CHAIRMAN: Will the Committee please come to order.

HONOURABLE PETER HEENAN, Recalled:

By MR. DREW: Q. Mr. Heenan, when you were last here you were dis-

cussing certain facts that you wanted to put on the record; and then that was followed by Mr. Cain, who placed an analysis of the organization of the Department, and its activities, on the record before the inquiry.

So that we will not in any way confuse the record, is there any further matter you wish to put on the record before we proceed with the direct questioning?

A. I do not think so, Colonel. I think you have now got the organization of our Department. It may be that as we go along from time to time we may have to give further information. I do not think of anything at the moment with regard to the basic principles of the Department.

THE DEPUTY MINISTER: Mr. Chairman, may I say I have a number of corrections made, to be entered in the record, but they are all practically of a minor character, except one which I would like to have corrected on the record: At page 171, where the reporter made me say directly the opposite of what I did say, in line 8, where the word "adopted" should be "forgotten." Then in the next line, I do not remember at all using the expression "To the hilt."

THE CHAIRMAN: If you will give the corrections to the reporter, he will make them.

By MR. DREW: Q. Mr. Heenan, just before I proceed with the subject which I propose to follow this morning, I would refer to the fact that when we met here last, Mr. Cain, the Deputy Minister, suggested the advisability of setting up some form of research council to explore the possibilities of further exploitation of the timber resources by methods not now in force or by the improvement of the existing methods Since the general purpose of this inquiry is to determine policy and examine policy, what is your impression of the desirability of that course?

A. Well, I believe, Colonel, that research is always in order, and that we cannot have too much research in connection with our forest products; and I would suggest that if you balance the situation up as to the costs and the results of it, that if it is not too costly it would be a good thing.

I want to develop that a little, Colonel, in this way, that there has been quite a lot of research in connection with forest products and the greater utilization of timber and lumber, by methods of treatment; but I do not think we are getting the results, even after that.

There is so much competition in other lines of material, cement, steel, etc., that I would like to say I do not believe we are getting the results in our sales from the utilization of our forest products with the research that we have had up to the present time, because it is salesmanship after that; and I think we are short in salesmanship.

Q. Then, have you any concrete suggestion to make?

A. Salesmanship is the main thing in connection with forest products, Colonel. In other words, no matter how far we go into research, no matter

how glowing the results, if we are not able to sell what we produce, we are in pretty nearly as bad a position as if we had never had the research.

But, to answer your first question, research is always in order, and we cannot have too much of it.

Q. Then have you any suggestions as to a concrete organization which could be set up for that purpose?

A. Are you speaking about salesmanship?

Q. Call it salesmanship, or call it exploitation, or whatever you like.

A. No. Of course I have my own ideas about it, but I have always contended that the industry should set up its own salesmanship, rather than the Government.

Q. When we met last, as I understand it, Mr. Cain made this proposal, that there should be a research council set up, financed by funds separate from those of the Department; and while he did not limit that as to the source of the funds, he suggested the advisability of seeking the co-operation of the operating companies as a whole. Briefly the suggestion he made was that this council should examine new methods and consider ways and means of increasing the sale and utilization of our forest resources. Does that general proposal meet with your approval?

A. Yes, I believe the industry itself will never set up any research organization, unless led by the Government.

Q. Then from your evidence do I take it that you feel that we should recommend, as a policy, that there should be some form of research council or research board for the Province, with funds separate from those of the Department, empowered for examination and research for the increased utilization of our forest resources?

A. I would agree with that. I think it would be something which should do a great deal of good.

Q. Now I come to something I discussed briefly with Mr. Cain when he was giving evidence last week, but which he very properly pointed out largely involves the question of policy and is something which he himself could not adequately answer, and that is the purpose and reason for what is known as the Forest Resources Regulation Act, which was passed in 1936. It seems to me wise that I should precede my questions in regard to that Act by indicating quite clearly what I have in mind. So far as I have been able to find, there is no exact counterpart of the Forest Resources Regulation Act in any other jurisdiction. It gives powers, in my opinion, wider than any conferred on any corresponding authority, particularly under Section 2, subsection *b*. And it is subsection *b* of Section 2 which seems to me to be something which we should consider very carefully, having regard to its effect not only on its purported purpose but also having regard to its possible effect on all transactions and all

dealings between the timber companies, which come under its extremely wide powers, and the Department.

Now, subsection *b* is that part which reads,—First of all, the section provides that upon the recommendation of the Minister the Lieutenant-Governor will pass an Order-in-Council which has the effect that it will increase or reduce the size of the area or areas included in any license, lease, concession, agreement or arrangement, having regard at all times to the maintenance of a sufficient supply of timber for the purposes of the company having such license, lease, concession, agreement or arrangement.

I think you will concede, Mr. Heenan, that that gives extremely wide powers over the holdings of any company operating under the authority of the Province of Ontario?

A. Yes, it contains wide powers.

Q. Mr. Cain informed us, when he gave evidence on the last day that this Committee sat, that no regulations have been passed by Order-in-Council covering the methods of procedure under this section. That is correct, is it?

A. Oh, one could answer that, Colonel, Yes or No. There are two cases in which Orders-in-Council have been passed; they were regulations by themselves applicable to that particular company; but no general regulations.

Q. What were those that you are speaking of?

A. Well, they were two companies that were not operated in the public interest.

1. What were those?

A. The M. & O., and the Great Lakes Company.

Q. What was the effect of those Orders-in-Council?

A. The Order-in-Council was to increase their dues on the pulpwood cut.

Q. We had better take them separately.

A. We are getting into proration now, Colonel.

Q. And you raised them as Orders-in-Council which had been passed under this Act. Take, for instance, the Great Lakes Paper Company. What was the effect of the Act as it affected the Great Lakes Paper Company?

A. Put a penalty on the pulpwood cut, to the extent of about half a million dollars, over and above the amount that they had been paying.

Q. Have you a copy of that Order-in-Council here? We could get one, could we?

A. Oh, yes. There are only two, one on the M. & O., and one on the Great Lakes.

Q. Could you arrange for us to have copies of those Orders-in-Council?

A. Oh, yes; we can obtain them all right.

THE CHAIRMAN: You will file those copies?

A. Oh, yes.

EXHIBIT No. 10—Filed by Mr. Heenan: Order-in-Council passed in connection with the Great Lakes Paper Company.

EXHIBIT No. 11—Filed by Mr. Heenan: Order-in-Council passed in connection with the Minnesota & Ontario Company.

WITNESS: I think, Colonel, if you do not mind a little explanation as to why the Forest Regulation Act was passed; and then after we give the reasons for its adoption, your questions will follow as to whether or not the Minister had administered it fairly. I think that would be a good basis.

Q. I was going to ask how the Forest Resources Regulation Act came to be passed and what the basis was for this particular subsection to which I have referred, which seems to me to be the subsection most in question in that Act.

A. There were two purposes for The Forest Resources Regulation Act. In the first place, it was manifest that some of these large companies had too much territory, too much timber; and it was also manifest that some of them should be reallocated or divided, or any other thing you would like to call it, taking away from these companies certain of their territory, for the reason that they were holding large tracts of timber and not utilizing them; together with this fact that these companies, or some of the companies, were in receivership, and the receiver had no power to give away or to agree that some of the properties belonging to the company should be taken away by any person, even the Crown.

So, for that reason, it was thought that we should pass this Forest Resources Regulation Act. So that we passed it and have all that power, and that would put the receiver in a different position, when the Crown sat down and reasoned with him. That was one reason.

The other reason was something that I did not know whether we were going into or not, but we will have to explain it now, at any rate—the prorating of newsprint.

The records will show that away back in 1928, the Premier of the Province of Ontario and the Premier of Quebec, the two Provinces being the largest manufacturers or sellers of newsprint in Canada, had tried to get the companies together, for the purpose of stabilizing the newsprint industry.

Prior to that time, in the two provinces, the difficulties of the newsprint manufacturers had been that they were competing with one another to see how

many mills they could build, and they built too many, as is manifest to-day. And, consequently, they have not the market, and one started to steal tonnage from the other by every conceivable method under the sky; price cutting was the chief method; secret commissions was another method; and I think, when I said that they were using every underhand method that could be taken, in order that one might steal tonnage contracts from the other, I am correct. The result of that being that the price of newsprint came down from 1926 or 1927, from $70.00 a ton, until when we came in office it was the lowest that it had been for thirty years. Now, having regard for the experiences that the late Governments and Ministers had gone through, I tried the same—and when I say "I", I mean the Government, because I was acting for the Government.

I tried the same methods of trying to coax these fellows to play square with each other, and not to go out and try to take tonnage away from each other, by cutting prices and secret commissions. And they said, Sure, we will promise to be good boys.

It seemed to me that they went out of the door determined that this was all poppycock, and that they would do as they liked; and they continued to do it.

So we got these companies together and talked the matter over; and they admitted that there was no salvation for them unless the Government use strong-arm methods to make them behave themselves.

Well, Quebec, I believe in 1935, took power by legislation. I think you will find it is just as drastic as ours is.

Q. What is the name of the Act in Quebec that you have reference to?

A. I do not recall it, but I can get a copy of it and table it, Colonel. I did have a copy.

Q. There is no mystery about my question. I think it is perfectly apparent that there was some understanding between the Province of Quebec and the Province of Ontario?

A. Oh, yes.

Q. And consequently it must be taken that the two Acts are intended to achieve the same result, and I would like to know which Act you are referring to?

A. I will have to table that Act, Colonel. I believe it is as stringent as ours, it is just as emphatic. At any rate, they took their power, and I promised Mr. Taschereau I would take the same power in Ontario.

When I got back, I figured that we had enough power, if we could get the good-will of the operators to work with us. And I hesitated to introduce such an Act as you have now taken issue with.

We went on another year, and it still was getting worse—getting no better, anyway; and it was decided that the Government must take the whip hand on them or they would not behave themselves.

Now, then, that was really the major reason, the proration end of it was the major reason for that Act, which I believe we hardly needed—

Q. You believe what?

A. I do not think we really needed the Act for the reallocation of the timber end of it, because the agreements with these companies make it such—I believe you could go into any one of the agreements that they have made with Ontario, and declare that they had not lived up to their agreements with the Crown, and take action under that provision.

Q. That is what I would have thought?

A. But I did not want to do it in that way.

One of my colleages in the Cabinet introduced a Bill to declare certain matters null and void and unenforceable—

Q. I suppose you did not entirely agree with that?

A. You would not ask me that, anyway.

I have a great liking for putting my ear to the ground, and I heard some criticism from the Opposition. Then I thought I would do it another way, a more gentlemanly way, so-called, so I introduced it in this way, rather than just call these companies in and say, You have not complied with these conditions, and you are out of court.

Those are the two purposes of that Act.

Q. The two purposes were proration and—

A. Proration of tonnage of newsprint, and the reallocation of the timber areas.

Q. Perhaps I should correct one statement. I said last week to Mr. Cain that I considered this Act was a gun at the head of the operators, but I imagine in this case it was a shillelah, because I think you will admit, Mr. Heenan, that this Act made it possible for you to make terms with the companies which had to be carried out, as to proration?

A. I would put it in this way, that I did not think it was powers that any one man should have, and the Act is framed along those lines. The Minister is at all times subject to the Cabinet Council, and there has never been any occasion on which action has been taken on that without it being first submitted to the Cabinet, not merely a recommendation placed before the Council for its consideration, but there has been discussion. Or I would put it in another way. I do not know how you have me figured out, that I am one of these blunderbuss fellows who would take it into my head and put it through.

But it is a powerful weapon in the hands of a Minister or a Government who would not use it with discretion.

Having said that, I would like to see anyone brought up on this investigation who would say I have not administered that Act, either in regard to proration of tonnage or the reallocation of timber areas without consulting them and reaching a mutual agreement.

In fact, I have had the president of one company say to me, Well, we have given up to you so many square miles here and there. It is a wonder that the Government has not taken it off us long ago.

Everything has been done in that way. It is a very heavy weapon in any man's hands who would not use it with proper discretion.

Q. What I understood you to say was that you thought it was a power which you thought no one man or government should have?

THE CHAIRMAN: No, "No one man."

A. I said it was a drastic measure for any man or government to have in their hands, if they did not use it in discretion.

MR. DREW: Q. I think the exact words of your last statement in that respect are, It is a powerful weapon in the hands of any one man or government who would use it improperly—that is what you said?

A. I wonder, Colonel, as that is a very important point, if you would not get our Secretary here to read those questions.

MR. DREW: Q. I do not want in any way to have the interpretation of it incorrectly. I think what Mr. Heenan said was that it was a powerful weapon for any man or government which would use its discretion improperly?

A. If I said that the Government should not have that power, I should correct that, because the Government should have that power at all times.

Q. I would not suggest by that that you were in any event questioning the right of the Government to exercise authority over resources, but I for one have very strong feelings as to the right and the manner in which the Government exercises authority over anything. But that is the general explanation you would like to give in regard to it?

A. Yes.

Q. I think you have given us an extremely frank and understandable explanation. You have explained that you do not really think yourself that this Act was necessary to effect the changes in the areas, because under the existing legislation there would be means by which that could be done, in the case of any company which was in default?

THE CHAIRMAN: Pardon me, I think the witness said they could proceed under the existing agreements.

MR. DREW: Q. Under existing legislation, was it not?

A. The whole matter is involved. For instance, Colonel, a moment ago you said that you did not think there was any counterpart in any other Act. You will find in the agreements and other Acts the power of the Minister, subject always to the approval of the Cabinet. You will find it in most of the old agreements and in some of which I have copies.

But, after all these provisions have been made, you will find one sentence in it that the Minister has the conclusive decision in the matter of the interpretation of all the provisions.

No matter what anybody else interprets it, the Minister has the deciding voice in the interpretations of all agreements.

In my opinion that is as important as any Act you could put upon the statute books, because it is in the agreements signed; and, after all, it is the Minister who has to decide as to the interpretation.

It is all a matter of keeping within the control of the Crown decisions on matters regarding natural resources, subject always to the approval of Cabinet; and if he does not act in accordance with discretion, there are the electors at the end of his term to pass judgment upon him.

MR. COOPER: Q. I see, Mr. Heenan, that in one clause of the agreement it ends up with the words, "The decision of the Minister as to the true intent and meaning of this agreement shall be final and finding upon the Company."

A. That is what I was meaning. I have not looked through them all, but I would say it is in the great majority of the agreements.

MR. DREW: Q. I am not questioning that, but, after all, I understood you to express the opinion that there was already sufficient authority under the agreements or legislation to deal with the cutting of areas, without the necessity of this new Act?

A. Now, I have changed my mind on that, Colonel. If I said that, I want to amend that, in this way, we had power under the existing legislation to take away from any company that we considered had too much territory. I wanted power to add to. If you will read that clause (*b*), you will find that it had power to add to.

Q. Quite.

A. We want that power, for this reason, that many of these forest ranges which were assigned to certain mills were not in the proper watershed; they were many miles away and the waters were running into other watersheds that would run to other mills. Consequently we wanted to take from a company on that side, where the drainage area should go to one mill, and add something on the other side which would drain to their own mill. In other words, to make an economical development.

I do not believe we had the power to add to. I am not certain whether we had or not.

Q. Would you not, under the existing legislation, if you could take away from a company, then have the power to allocate that to another company under the existing legislation?

A. Yes.

Q. I repeat I have been unable to find any counterpart for this Act. The Quebec Act, which is The Forest Resources Protection Act, has no similar provision. And what I would like to ask you, Mr. Heenan, is, have you any memorandum prepared which recommended this Act? Let me put the question in this way: Have you any memorandum which you prepared, which set down the reasons for this power?

A. No. We arrived at the conclusion as to that Act, again, by consultation with the different companies that were involved; and as these Acts—as you know the procedure, you will draft an Act, and you take it in to the Cabinet, if you want to introduce such an Act in the House, and make it a Government measure. If you do not get the approval of the Cabinet, you cannot introduce it as a Government measure. If you do, you can.

Naturally, before I went to the Cabinet with such an Act as this, I had to be prepared to argue and get it through the Cabinet. And it follows then that I consulted nearly everybody that I thought was interested, chiefly the industrialists themselves.

So that there is no memorandum or Order-in-Council passed to introduce an Act of that description.

Q. Well, but, Mr. Heenan, let me put it this way, it seems to me quite clear that subsection (*b*) of section 2 was not born just like Topsy, it had some parents, there was some background for it, and it does not seem to me likely that either you or I or anyone else would rely entirely on a memorandum for the purpose of advocating a provision as powerful as this one according to your own statement really is. Have you any recommendation by any experts or any reference to other legislation which would suggest a reason for the adoption of this particular section or subsection?

A. Just consultations.

Q. What is that?

A. Just consultations.

Q. Who was responsible for the actual drafting of that subsection?

A. Well, my lawyer—the Department's lawyer—and the officers of the Department.

Q. Who would the lawyer be that you refer to?

THE DEPUTY MINISTER: Mr. Draper was our solicitor at the time.

WITNESS: That good-looking gentleman over there.

Q. If Mr. Draper puts his draughtsmanship on, that would be based on consultation with the Department, would it?

A. And myself.

Q. You have said that the necessity for this was based on the fact that it was manifest that some of the companies had too much territory. Have you copies of the recommendations of your expert which indicate that fact?

A. Well, Colonel, all you have got to do is to look at the territory that they had and how these agreements were made—I am not saying that, now, in a derogatory manner—how they arrived at one piece of timber after the other, it was quite manifest there was too much territory. Let me give you an instance.

Q. Yes?

A. Away back in 1916 or 1917, I think it was one of those two years, there was a piece of timber known as the Black Sturgeon Limits put up for sale for the purpose of building a 150-ton mill; a few months later the Pic River Limit was put up for sale to build a 150-ton mill; later those two agreements were merged into one; then the Long Lac area was put up to build a 100 or 150-ton mill and later that limit was merged with the other two. There was one more limit, I am not quite sure of the name, merged with those three; I think four limits altogether for one company. Now there is one company alone that had timber that they admit is manifest to anybody in the north country that had paid any attention to the development of these companies that that company had far too much territory. Now that is an illustration.

Q. I know, but look at it from the point of view of administration; after all, Mr. Heenan, that is what we are primarily considering; wouldn't you say to your experts in this case, "Now let me have a report as to whether or not that company has too much territory or has too little," and get a report from them as to what the proper requirements of that company would be?

A. Well, that was done by consultation; I don't think there was any memorandum passed. I naturally would ask the officers to tell me how much cordage you have at Long Lac, what cordage you have at Pic River, what cordage you have at Black Sturgeon, etc., we would add them together and say "Now look, we will have to have this company in to talk it over with them," and Mr. Carlylse and his foresters came in and we talked the matter over and finally Mr. Carlysle, who was the head of the Great Lakes at that time, wrote us a letter indicating his willingness to give up the Long Lac, the Pic River, and the Magoggin, was it?

THE DEPUTY MINISTER: Magoggin.

WITNESS: —and the Magoggin, gave those three up. Now then when he gave those up he naturally suggested that he would get a piece here and a piece there that would drain into his watershed, so that that is where the Act comes

in, we were able to add on to him on the west side a small piece where he was giving up probably about 7,000 square miles on the east.

Q. Yes, but I am not concerned so much with the actual mechanics of the method as I am with the information upon which that decision would be made. Now I have no intention of getting into a general discussion on that subject at the moment, but, just to take as an illustration, what expert recommendations had you before you when you passed the necessary Orders-in-Council which allocated territories to the Lake Sulphite Company?

A. Well, the whole thing was done by round table consultation.

Q. Now, Mr. Heenan, let me get it clearly. You are dealing with a very large territory, you are dealing with a very large area of timber and there must be some determining factors which decide what the adequate area for any given company may be; it is not enough for you or for me or for anyone else to say that it is manifest the company has too much, or it is manifest it has too little, it is only manifest if there is evidence of men who know the problem both from the industrial and forestry point of view to indicate what the area should be. Now did you have recommendations from the officials in your Department in regard to what would be an adequate area for the Lake Sulphite Company when you passed the necessary Orders-in-Council?

A. Oh, yes. Oh, yes. These things, Colonel, are not done just by memorandum from one to the other, there are round table conferences on all these things. For instance, take the Lake Sulphite:

Q. Yes.

A. To be short, without going into the history of the whole discussions, they say "If we can get say five million cords of spruce and balsam we will undertake to build a mill of a certain capacity," or, you could put it the other way, "We will build a mill of a certain capacity if we can get five million cords of pulpwood." Then we sit down and we say "Where can we get and guarantee these five million cords?" "Well, we have taken that area back from the Great Lakes, we have taken that back from—

Q. Ontario?

A. —from some other company, and so and so, and we have the right now to dispose of a piece here, a piece there, all carved out of areas that had been already disposed of by the Crown," and we arrived at areas—

Q. How do you mean, areas that had already been disposed of? You mean areas that were then under the control of the companies?

A. Yes. For instance the Pic River and the Black Sturgeon, the Long Lac and all those had been disposed of years ago from the Crown, so we carved out of those a piece here and piece there to make up five million cords of timber that had already been disposed of by the Crown and we say, "We will let you have these providing you are willing to pay the price that is already set on these areas."

Q. Well but, Mr. Heenan, just as I said, take this as a specific case, and I am not going to go into any extensive discussion of the affairs of the Lake Sulphite at the moment, but that is one outstanding case where the powers under the Forest Reserves Regulation Act were exercised both for the purpose of withdrawing territory from companies which then controlled them and creating new territories?

A. No, it had been withdrawn. These had been withdrawn, or given up by the companies, rather.

Q. But do you suggest it was not incidental to the same transaction?

A. Nothing to do with it.

Q. Do you mean to say that the Order-in-Council taking away areas from the Great Lakes Paper and the Ontario Paper—was not the Ontario Paper one of the companies affected?

A. You mean it was taken over incidentally for the purpose of creating the Lake Sulphite?

Q. Yes?

A. No. It was already taken away.

Q. How long before?

A. I am not so sure of that.

Q. We can go into that in detail later on?

A. Yes.

Q. But isn't it the practice in the Department, Mr. Heenan, to have a memorandum in support of an agreement in such matters as that for the purpose of presenting the general facts to the Cabinet at the time the agreement is presented for approval?

A. Oh well, the recommendation to the Cabinet is drafted by the officers, of course; I mean that sets out all the salient features and the principles by which we arrive at a decision.

Q. Had you recommendations from your experts as to the area which the Lake Sulphite Company should have before you made the recommendation?

A. I can't remember, Colonel, whether we had a recommendation—I am speaking now of a recommendation in this way, that some officer would recommend to the Minister that such and such a thing should be done—I don't know that they had that, except that the Order-in-Council, the subject of the round table conferences—the result of the round table conferences between the foresters, the lawyers and myself were usually with the person who was going to invest their money.

Q. Well, with the person that we might quite properly describe as the promoter?

A. Yes. For instance, let me see if I have got the thing right: We have Mr. Sharpe, who is now acting as Assistant Deputy, I don't think, Colonel, that he recommended to Mr. Cain in a document, to the Department, and then Mr. Cain would recommend to the Minister and the Minister then recommend to the Cabinet, I don't think those things took place; it is rather by conferences around the table that we arrive at this.

Q. I think this is an extremely important point. You say that, for instance, it is manifest certain companies had too much territory. Now I suggest that it is not manifest, either to me or to you or to anyone else, that a company has too much territory, unless we have an exhaustive analysis of the long term requirements of the company and the suitability of the area for that demand; in other words, you or I or anyone else might fly over the extensive territories of some of these companies and might form an entirely wrong impression as to whether or not they had too much territory, because, as you know and I know, you can not tell without a very careful examination of the timber on the ground how suitable it is for the demands of that particular company. Now wouldn't you have in that case exhaustive reports from experts both from the industrial as well as from the forestry point of view as to the real needs of that company?

A. Well, we have in this way, that particular region has been fairly well surveyed and estimated and we have the estimate of each of these areas that have been mentioned, of the timber. Now then when you say it is manifest, it is manifest to most of us that live in the north country, having regard to how conditions have been developing, one thing after the other. Now I didn't base my judgment on just what I thought, I asked my officers how many cords of this, that and the other have we got on Long Lac, how much have you got on Pic River, how much have you got on the Magoggin, and so on, and afterwards we call in the company's management, the President or otherwise, and he has his foresters with him and lawyers with him; I ask him, for instance, here is one question I would ask, "What use is that timber to you having regard to the location of your mill? What would it cost you to take your pulpwood from that point to your mill? Shouldn't that area drain into this other watershed?" And after arguing for one day or two days, weeks, sometimes months, they arrive at the conclusion that that piece of timber should not ever have been allocated to that mill whatever and that they are willing to give it up "providing that we get a piece more in our own watershed." That is the way that these things are arrived at.

Q. I must confess, Mr. Heenan, I am still under the impression that that seems like a very uncertain way to dispose of the areas that are disposed of under this extremely powerful Act. I don't see at what point you determine when one company has too much and when another company needs additional territory without extremely expert evidence in that respect?

A. We have expert evidence.

Q. Well, then, what form does that expert evidence take?

A. I have just been telling you—sitting around the table with the foresters and the deputies and other people interested.

Q. Do you ask them to prepare a formal recommendation in regard to the matter?

A. We arrive at a decision and make a recommendation to Cabinet.

Q. Prior to the recommendation to Cabinet what actual material have you? I am merely taking the Lake Sulphite as an example. What actual material did you have before you to convince you that the Lake Sulphite was entitled—and when I say "entitled" that the area that it was to get was a proper area before you made the recommendation to Council?

A. Well, we simply sit around the table again with the foresters and say, "Where can we get timber now that is within the Crown or that has belonged to these other companies that have been willing to give that up? Where can we get an area or a number of areas that will comprise five million cords of pulpwood?"

Q. Well, but wouldn't you have something there in the form of a specific statement by the Lake Sulphite Company as to what their requirements were and then have your experts advise you as to whether those were the correct requirements?

A. That is right.

Q. Have you copies of those recommendations?

A. Copy of the application of the Lake Sulphite and the maps indicating the areas that they would like.

Q. Yes.

A. And then that goes before our foresters and we sit down and, we can't give them this, but we can give them so and so, and so forth.

Q. When you say you can't give them so and so I assume you don't sit around a map and verbally decide definitely what areas will be given to any given companies, do you?

A. We sit down and decide that we can get so many cords out of here, so many cords farther east, so many cords on the west side, and that makes five million cords, and after we decide that then we make our recommendation to Council.

THE CHAIRMAN: Q. I want to interpose a question here, Mr. Heenan: You said a moment ago I think that that part of the country had been extensively surveyed before?

A. Yes.

Q. So that you have already in the Department the information as to the number of cords contained in such a limit?

A. That is right.

Q. You have already got that?

A. That is right.

MR. DREW: Q. But let me put that this way, and the purpose of my question is I should think clear enough—this Department is continuing and exercising control year in and year out over the forest reserves; while it might have been manifest to you that certain companies controlled too much territory and while it may have been equally manifest to you that the Lake Sulphite got their actual requirements and no more and no less for the purposes they had in hand, it does seem to me that, having regard to the continuing function of this Department, we should be able immediately to go and say, "This was the basis upon which that decision was made." Is there any place that you can show me exactly the basis upon which that decision was made in the Department?

A. The Order-in-Council shows that.

Q. But the Order-in-Council, I have examined it very carefully, indicates nothing except that you recommend that this be done?

A. Well it indicates the number of cords required, the size of the mill, the money to be expended in investment, the number of men to be employed, and so on.

Q. Yes. Those are all estimates which in fact in this case didn't work out but that is not the important point. What I am getting at is this, you have explained that the purpose of the Forest Reserves Regulation Act, that there were two main purposes and one was to have an effective means of enforcing proration and the other was to take the necessary steps to withdraw from companies that had too much territory their unnecessary territories and, as you have pointed out, to allocate those territories to other companies, which might need them. You have also explained that that is a very powerful weapon, as it obviously is, and it does seem to me that it is of the utmost importance that your successor or anyone, not now but ten years from now, should be able to go to some place in the Department and say, "Well here was the basis upon which the Lake Sulphite got that territory and here was the reason that certain territories were withdrawn from given companies and this is the reason it was then thought that this was the proper area to allocate to the Lake Sulphite Company." Now is there any place that you can show me such a record in one place?

A. I didn't get that later point.

Q. Is there any file or is there any recommendation by members of the Department to you which would indicate clearly the technical information and advice upon which a decision was made?

THE CHAIRMAN: If you will excuse me, your question is rather long, but I think it is not quite correct: You mentioned the territories withdrawn from other companies and given to that company; I think the Minister stated in his evidence some time ago that the areas had been withdrawn from the other companies some time before although he couldn't say exactly when. Your question seems to make it appear that it occurred simultaneously.

MR. DREW: I was not suggesting that. What I say is, the Minister had explained that the first purpose was to give the power to enforce proration, and the second was to have the power to withdraw excess territories from companies which had too much and, on the other hand, to allocate territories to companies which needed them, not necessarily as an incident of the same transaction.

WITNESS: Well, Colonel, you will find that we followed the same procedure that has been followed—I was going to say from the beginning of time—that is to say—

THE CHAIRMAN: Don't go back prior to 1763 though.

WITNESS: That a company wants to invest its money in an area and they come to the Minister and discuss the matter and if they can not agree they generally go before the Prime Minister and as many of the Cabinet as can be, the whole thing is argued out as to the territory that is required, the money that is to be invested, the production which is to take place in the mill, the number of hands they will employ and, generally speaking, the investor, if he is very anxious to get in, will tell you he will employ so many hands, and there is not one mill in the province that hires the number of hands that they agree to hire.

MR. DREW: Q. And then if an election is near you repeat publicly the figure that is given, don't you?

A. No. My predecessors used to do that; I never did a thing like that.

Q. I can show you a number of cases where you did that, but that is not important.

A. You wouldn't accuse either Mr. Spence or me of doing a thing like that? By the way, I don't know whether this is a good place to joke or not; if the boy would quit writing for a moment I would tell you a joke.

Q. It is a pity not to enliven the record a little.

HON. H. C. NIXON: This will be "off the record."

MR. DREW: Q. Mr. Heenan, we are still, I am afraid, a long way from what I have been asking, and I may find it rather difficult to make myself understood, but I thought it was clear: I am not so concerned about what has gone on from the beginning of time as I am about what will take place in the future, and let me assure you of this, that the mere fact it may have gone on from the beginning of the activities of this Department is not necessarily any reason it should go on in the future, because if we accepted that proposition then there would be no real reason for this Committee to sit at all. At the same time I am getting down to an extremely important proposition.

A. Colonel, the only thing I can tell you—you don't want to go on back to what has been done to the beginning of time—

Q. You are not going to go that far, no?

A. I may say I have followed pretty closely, which I think is the only practical way to do it—now if the Committee wishes to recommend that in the future we do something different than that, that is all right with me, but in my opinion it is the only practical way, to sit down and the investor say what he is prepared to do and then see how close the Government of Ontario can come to meet that situation.

Q. What I have been trying to get down to is this: Suppose that you were not at the time, some time in the future, the Minister of Lands and Forests, and there were some reason for some successor of yours to consider whether or not the Lake Sulphite had too much territory or too little, where would one go to find out the exact basis upon which the allocation of territory was made to the Lake Sulphite Company?

A. The Order-in-Council stipulates, if I recall it right, pretty near every piece that you will find—you will find the estimates on there by which it is estimated, there will be so much cordage, and so much cordage and so much cordage; now then if at some later time—it will be, I hope, forty years from now—I am not in that Department, someone else comes in and he makes a survey of his own—every Minister I think will be conscientious in doing the right thing by investors; if he isn't he shouldn't be there—supposing he has discovered that I had allocated ten million cords instead of five million cords to this company, then of course he will make a recommendation to his Government in accordance with that.

Q. That doesn't deal with the question. The question is this, where could we go right now to find out the exact basis—or I shouldn't say "the exact basis"—where could we go right now to examine the expert evidence or expert advice upon which your decision was reached?

A. Well, you would have to call the officers of the Department, the foresters, the lawyer and the deputy.

Mr. W. G. Nixon: Q. Would there be maps to show the designations on the various areas, Mr. Heenan?

A. Yes. We have them all ready for inspection by this Committee.

Q. All cruises of the timber limits should be shown?

A. Yes.

Q. And those would be facts taken into consideration in the allocation of any area, wouldn't they?

A. In fact we have those maps prepared showing the areas as they stood originally when we came in office; then we have another map subdividing those areas as it were. I have got the various areas that now comprise the Lake Sulphite, and had I known, Colonel, that you were going to go into this I would have had those maps over because they would have been very enlightening in that regard. I again read the minutes of the last meeting and I understood—maybe I didn't get it right—that you were going on with the Abitibi this morning.

MR. DREW: Q. I explained to you, Mr. Heenan, that I was merely using the Lake Sulphite as an illustration of this point in regard to the Forest Reserves Regulation Act.

A. Yes.

MR. COOPER: Q. Is this the situation, Mr. Heenan, that you were getting in there detailed surveys and maps and all the other information which you required?

A. Yes.

Q. And you have those maps and surveys?

A. Yes.

Q. And other memoranda over there which you can produce?

A. Yes. But I wouldn't have, as I understood the Colonel to ask, for instance, a memorandum prepared by ourselves, by my deputy, and my deputy to—

Q. Oh, no. Even if you did, wouldn't that be a confidential memorandum as I understand this?

A. Well there is nothing confidential over in that Department, that is the worst part of it; you can't have anything confidential over there because there are so many interests involved and watching to see that somebody doesn't get something that they ought to have, and I think that is probably where I fell down in the beginning of my administration, that somebody would come in and ask for something, and I would say "Oh no, so and so is looking after that"—there were more shenanigans than you could shake a stick at, but again, Colonel, I want to say, whether you want after this Committee rises to follow the old procedure or not it is immaterial to me, except that I am going to give you the best of my judgment whether it is for or against what the Committee may think. There have been times and there must be times in the future when the Government through the Minister will have to give areas or add areas to pulp concessions without public competition, they must add them of necessity, in other words—this is an example I want to give you: Suppose any one company is going to run out of timber or for some other reason they wanted a piece of timber that should go to that watershed, right into that mill, you put that piece of timber up for sale and what happens? It has happened before: Somebody who has no idea of utilizing will put in a bid and he puts in a bid regardless of the value of the timber, puts in a bid to be sure that he will be away over what the company that should have the timber would bid for it and he secures it; then he goes around with it in his pocket for a period trying to hold the company up; so that if we are going to get away from that we will have of necessity to take power to allocate to that company timber at a reasonable price. We have had several cases of it since I came in where men have bid on timber and have put industries out of business—small industries, it is true—by bidding too high, and when the mill was dismantled it was found that the fellow was not going to utilize that at all. All that we get from that is a deposit, that is all we get out of it, we lose an investment and get the deposit.

MR. DREW: Q. Well now, Mr. Heenan, just to clear up one point on the Forestry Reserves Regulation Act, you said that the major purpose was to be able to put in proration. Now that is correct, is it?

A. That is right.

Q. The major purpose of The Forestry Reserves Regulation Act was to enforce proration?

A. That is right.

Q. Well then, do you think that it is advisable for anyone to effect one purpose by an Act which appears to do something entirely different?

A. Well, there are two provisions in that Act.

Q. But there is no provision in this Act in regard to proration, now referring to subsection (*b*) of section 2, which gives power to the Lieutenant-Governor on the recommendation of the Minister in Council to increase or reduce the size of the area or areas included in any license. Now you have explained that that wide power—

A. Yes, well that is for the purpose of proration. You will find other provisions in that Act for the purpose of proration, but the Act provides for the two things, the reallocation of the timber areas as I have already explained now and the other provisions there for the inflicting of penalties on companies that are not operating their mills with regard to public interest.

Q. Well then, you do agree, I understand, that this is an extremely powerful weapon in the hands of a Minister or a Government and that unless it is enforced with the greatest wisdom it can be a very dangerous weapon? I don't think you will disagree with that statement, will you?

A. Well yes, I have said that, but again I want to say to you that I came over here to discuss another matter, but that is neither here nor there, I know I am expected to know all these things; I believe even without those provisions, without those provisions, that you had just as drastic legislation on the Statute books.

Q. If there is just as drastic legislation on the Statute books—

A. I mean together with the agreements—Mr. Cooper just read one there that practically puts the whole agreement in the hands of the Minister.

Q. Yes. Well now, Mr. Heenan, just to satisfy your desire to get ahead with what we had before— Oh, just to clear up this point as a matter of record for this body: I understand that the whole of section 2, which governs the limit of cutting and the increase of stumpage dues and fixing the kind and quantities of timber, is all part and parcel of this general effect of control by the Department over the existing companies?

A. Yes, well you will find if you go into that—you may right now—that is all to take care of proration, that end of it.

Q. That is for proration?

A. Yes.

Q. Now I would refer you, Mr. Heenan, to an Order-in-Council, passed on the 9th day of March, 1939, and I will read just the first part of it?

A. What is it you are talking about?

Q. That is the Order-in-Council dealing with the Abitibi agreement, dated the 9th day of March, 1939?

A. Yes, Colonel.

Q. Now I read here at the beginning, just to put this on record:

> "WHEREAS upon the report of the Honourable Mitchell F. Hepburn and the Honourable Peter Heenan, members of the Executive Council, that an Agreement, dated 24th June, 1937, was entered into between His Majesty the King in the right of the Province of Ontario acting therein by the Honourable Mitchell F. Hepburn duly authorized by Order of His Honour the Lieutenant-Governor of Ontario-in-Council, such Order being dated June 2nd, 1937, and the Honourable Peter Heenan, Minister of Lands and Forests for the said Province of Ontario . . ."

and so on, and it then refers to the details of that agreement and then the Order-in-Council goes on to make provisions that certain things must be done by the 1st day of April, 1940, otherwise the agreement referred to would lapse. You remember that Order-in-Council, Mr. Heenan?

A. Where do you get the dates from, Colonel?

Q. Down in the second last paragraph,

> "The Honourable the Prime Minister and Provincial Treasurer and the Honourable the Minister of Lands and Forests, further recommends that if a reorganization, or rearrangement of the Company . . ."

(that is the Abitibi Company)?

A. Yes

Q. (Continues reading):

> ". . . or if a sale of its undertaking and assets as contemplated above has not been effected by the 1st of April, 1940, the provisions of any Order-in-Council passed in pursuance of this Order may be rescinded upon six months' notice in writing to the Parties of the Third Part to the Agreement dated the 24th day of June, 1937."

You remember that Order-in-Council?

A. Yes.

Q. And I assume, Mr. Heenan, that we will not disagree with each other if I suggest that the purpose of that Order-in-Council was to give effect to what was at that time known as the Ripley Plan?

A. No, no, maybe I had best, Colonel, start at the beginning, because this is only—this is the last Order-in-Council.

Q. Just before you proceed with that I would prefer just to refer to something and would like you to correct it if it is wrong, and after all when I read the newspaper reports I don't think perhaps either you or I, Mr. Heenan, will suggest that the newspapers are necessarily infallible, particularly just at the moment?

A. My gosh, I thought they were.

Q. But I refer now to words on the financial page of the Globe and Mail dated March 9, 1939, and I will read them to you, if you will just listen, because it at any rate interprets the reaction in financial circles to what had taken place at first prior to the passing of this Order-in-Council. You will remember that on March 8th you had been interviewed by the press, and you told us a few moments ago that one of the troubles in the Department was it was not confidential enough and explained the difficulty of having things getting out, and this is a news report in the Telegram which I will read and which if you disagree with of course your comments will very properly be a matter of record. This appeared in the Telegram March 8th, 1939:

"HOPE PARTIES WILL SETTLE ABITIBI CASE—

"Ontario Government would favour any mutual agreement by litigants, Heenan believes—

"Hon. Peter Heenan, Ontario Lands and Forests Minister, said to-day he believed the Ontario Government would be disposed to accept any mutual agreement reached by the parties to the present litigation concerning the Abitibi Power and Paper Co.

"Failing such an agreement, the Government will accept any settlement directed by the court, said Mr. Heenan."

And then it quotes, or these are the words that are attributed to you and I quote the part:

"For the last five years there have been various proposals before the Government to get the company out of liquidation, said Mr. Heenan.

"The matter is now before the courts and the Government is waiting on the courts. If no agreement by the parties is reached, I think the Government will be disposed to agree with whatever the courts decide."

That is the end of the quotation. (Continues reading):

"Various schemes for reorganization of the company have been pro-

posed by the bondholders, preference shareholders, and the common stockowners, but nothing acceptable to all has been found.

"The Government is not disposed to make commitments regarding timber limits required by the company for operation of its paper mills, until reorganization is achieved."

In respect to that part where you say "the matter is now before the courts and the Government is waiting on the courts. If no agreement by the parties is reached, I think the Government will be disposed to agree with whatever the courts decide," within reasonable limits would you say that was in effect what you said to the press at that time, March 8, 1939?

A. Oh yes. I never contradict the press.

HON. H. C. NIXON: You are not quarrelling with the statement?

MR. DREW: No.

HON. H. C. NIXON: It doesn't single Ripley out.

MR. DREW: Oh well, we will come to that.

MR. DREW: Q. Now on March 9th—I am merely giving the effect that was taken by the press and I think you will see quite clearly what I propose to ask you in connection with this—the heading in the financial column written by Mr. Wellington Jeffers covering that part is, "Is It Death Knell to Abitibi Foreclosure?", and mark you that was March 9th, 1939:

"In his statement to the press yesterday, as shown in another column, Hon. Peter Heenan, Ontario Minister of Lands and Forests, intimated that the Government is not disposed to make commitments regarding timber limits required by the Abitibi Company for the operation of its paper mills until reorganization is achieved."

That was the effect apparently in the mind of a competent financial writer on March 9th following that statement, and I think you will probably remember a thing that is important in a thing of this kind, that the junior securities jumped in price upon the basis of that statement on the Stock Exchange? Do you remember that?

A. I don't remember. I never deal in stocks at all.

Q. Possibly you have reason to be glad of that, but the thing is that—

A. I am sincere about that.

Q. But this is the important thing, however, from the point of view of the people concerned in this matter: You made that statement on March 8th that the Government didn't anticipate doing anything and yet on March 9th an Order-in-Council is passed which has the effect of telling the people that unless they accept a certain plan they are going to be out by April 1, 1940. What happened between March 8 and March 9 that changed your opinion?

A. You haven't got that story right, Colonel; what was the date that I made that statement?

Q. March 8. And the Order-in-Council was passed the following day?

A. March 8, and I said we were not disposed to give them any timber limits.

Q. No no, I will read it again: March 8, the day before the Order-in-Council was passed:

> "For the last five years there have been various proposals before the Government to get the company out of liquidation, said Mr. Heenan.
>
> "The matter is now before the courts and the Government is waiting on the courts. If no agreement by the parties is reached, I think the Government will be disposed to agree with whatever the courts decide."

A. That is right.

Q. Well now, did you at the time you made that statement know that this Order-in-Council was going to be passed, the one that was passed on March 9th?

A. I would imagine I did. I can't remember now.

Q. Have you your file there that will show the recommendation that you made in support of that Order-in-Council?

A. The Order-in-Council is the recommendation by itself.

Q. Oh, no. Well then the Order-in-Council is in itself the whole recommendation, is it, or was there any separate recommendation to the Cabinet?

A. I think this is the whole principle, the Order-in-Council itself is the whole— Am I right in that, Harry?

HON. H. C. NIXON: Yes. I think there are some slight changes made in the heading of an Order-in-Council which is drafted from the Minister's recommendation.

WITNESS: There is no change.

HON. H. C. NIXON: But I would say the thing recommended was embodied in the Order-in-Council.

WITNESS: Yes.

MR. DREW: Q. Well then, subject to subsequent corrections, Mr. Heenan, would you say that the Order-in-Council represents all the written evidence there was before the Cabinet at the time this Order-in-Council was passed?

A. Yes, it would contain all.

Q. It would contain all?

A. Yes.

Q. Well then, will you let us have what recommendations or memoranda you had before you which were the basis of this recommendation of yours to the Cabinet?

A. Well, Colonel, you will not get at it by piecemeal in that way, you will still have to begin at the beginning, I am afraid.

Q. Well now, just a minute, before we get back to Genesis?

A. What I mean by that is, you have got to lead up to what took place and that will tell the story by itself, you see.

Q. All right, listen. Or just a minute before you do that so we will get this quite clearly: I don't think you will forget that at the time this was announced in the House an Order-in-Council which, as the Order-in-Council itself says, was passed on the joint recommendation of yourself and the Premier, I think you will remember that the Premier in announcing this Order-in-Council said that he thought the plan submitted by what was known as the Ripley Committee was eminently fair? I think you remember that, don't you?

A. No, if I recall it well, Colonel, there was a certain part of the Ripley Plan that he said was eminently fair; if I recall it right that was a provision which was made for the junior security holders giving them three years in which they could buy in their bonds equivalent to the investment, that is the portion in which he said it was eminently fair you see.

Q. Well then, let us limit it to that. At any rate his reference that it was eminently fair was to a provision of the Ripley Plan—

A. To a provision, yes.

Q. I have before me, Mr. Heenan, the file of the Abitibi Company that was tabled in the House in response to my request, and you will remember that the request was, for all contracts, telegrams, correspondence and memoranda relating to the rights and reorganization of the Abitibi Power and Paper Company Limited since January 1, 1937, and what I have here is the complete file tabled in the House in response to that request. Now this Order-in-Council refers obviously to the Ripley Plan because as you yourself have said while Mr. Hepburn may not have meant that the whole Ripley Plan was eminently fair his expression that it was eminently fair according to you did refer to a provision in the Ripley Plan? That is correct, isn't it?

A. That is my understanding.

Q. That is your understanding and you of course were already aware of the provisions of the Ripley Plan?

A. I don't know why you call it the Ripley Plan, for the reason—

Q. Well it was called that publicly at that time?

A. I know, but you see you are a Statesman now, you know you mustn't follow the line of an average politician.

Q. I am willing to suggest any other name that you think would be more descriptive?

A. Here is the plan here, "Between His Majesty the King in the right of the Province of Ontario acting therein by the Hon. Mitchell F. Hepburn duly authorized by Order of His Honour the Lieutenant-Governor of Ontario"—

Q. What is it you are reading from?

A. The agreement.

Q. Which agreement?

A. The agreement between the Abitibi and the Crown.

Q. But that was in 1937?

A. I know, but it is the same thing. We will get our wires crossed sure if you don't follow it from the beginning.

Q. Well—

A. Wait a minute, now: (Continues reading): ". . . and the Hon Peter Heenan, Minister of Lands and Forests for the said Province of Ontario (therein called "the Government") of the First Part, the Hydro-Electric Power Commission of Ontario (therein called "the Commission") of the Second Part and . . ." now this is not the Ripley Plan—"Montreal Trust Company as Trustee under the Indenture of Mortgage dated as of June 1st, 1928, made by Abitibi Power & Paper Company Limited to secure its First Mortgage Gold Bonds (in the said Agreement called "the Trustee") and Geoffrey Teignmouth Clarkson, the Receiver and Manager of the assets and undertakings of the said Abitibi Power & Paper Company Limited . . ."

MR. DREW: But, Mr. Chairman, I don't want to interrupt the Minister—

WITNESS: Now wait a minute. Now we want the facts out.

Q. That doesn't refer to what I am discussing?

A. This is the plan that was called the Ripley Plan and it has no business to be called the Ripley Plan, that is why I am trying to give that.

THE CHAIRMAN: The witness is referring to this agreement which is referred to in the Order-in-Council.

MR. DREW: The witness has suggested what is known as the Ripley Plan.

WITNESS: And this is an extension of that agreement, this Order-in-Council.

Q. But that is not what Mr. Hepburn was referring to. Mr. Hepburn referred to a plan which was submitted and which you have discussed. (I can not examine two witnesses at once.) There is no uncertainty about this, Mr. Hepburn's statement clearly referred to a proposal which was then being considered, and I am not at all anxious to use the term "Ripley Plan," I do as a matter of fact merely use the term which was being I believe adopted by all the leaders on the financial pages at that time, but if you prefer to speak of it as the plan of the Bondholders' Protective Committee that suits me equally well, but it was a plan which was then—I am not talking about 1937 but of March 9, 1939—before you, and what I am asking is, if you knew of that plan to which the Premier referred? Didn't you?

A. No. This Order-in-Council does not refer to any plan whatever.

Q. Oh, no; I know the Order-in-Council doesn't, but you will remember that the Premier didn't merely read the Order-in-Council but that he read a written statement in the House which was handed to the press and it did refer to a specific plan; those are the words that he is quoted as saying, there is no question about it, because I believe there was a written statement handed to the press and as a matter of fact it was out of courtesy handed to me. I am not using the name "Ripley" as an offensive name, I don't know anything about Mr. Ripley, but I merely say that the plan of the Bondholders' Committee was generally known as the Ripley Plan; if you prefer the other name I will use that.

MR. COOPER: Q. Who is Mr. Ripley? I am sure most of the Committee members don't know?

A. Chairman of the Bondholders' Committee at that time.

Q. How did he come to formulate a plan?

A. Well, he didn't.

MR. DREW: Q. He didn't get it through; he formulated it all right.

A. I have no Ripley Plan in this file whatever here; the Order-in-Council doesn't even relate to anything different than we had been going on since the beginning when they first started to work on it.

Q. To what plan is the Premier referring?

A. I don't know.

Q. Oh, well?

A. How do I know? Mr. Chairman, may I just say that I am under oath and when I tell you, Colonel, answering your question, that I don't know what the Ripley Plan was I don't want you to shrug your shoulders as if you don't believe me, because I am telling you I don't, and if you will recall you yourself got the Ripley Plan out of the Premier's hands.

Q. Exactly, and do you mean to say that I saw it before you did?

A. I haven't seen it yet. I am not concerned with the Ripley Plan, and neither does this Order-in-Council.

Q. Do you mean to say that you hadn't been discussing this with Mr. Ripley?

A. I never discussed any Ripley Plan, I discussed this.

Q. Did you have any discussions with Mr. Ripley prior to this Order-in-Council?

A. Well, Mr. Ripley and the Abitibi fellows were in all the time.

Q. Of course they were?

A. Yes.

Q. And Mr. Ripley was in your office frequently just prior to March 9th, wasn't he?

A. That has nothing to do with the plan anyway.

Q. Wasn't Mr. Ripley in your office several times prior to March 9th?

A. I don't think so.

Q. He hadn't been in your office several times?

A. No matter how many times he had been in, this Order-in-Council as passed by the Government has nothing to do with the Ripley Plan, it is only an extension of the other agreement.

Q. Well, Mr. Heenan, you yourself are now using the expression "Ripley Plan", but what is known as the Ripley Plan was a plan submitted by what was called a Bondholders' Committee? You agree with that, don't you? You know that that was the plan that they described as the Ripley Plan, don't you?

A. The plan that was before the Court, I don't know how he described it, or whether it was the Bondholders' Committee.

Q. That was not a plan before the court, that was a proposal made by the Bondholders' Committee which offered to the junior security holders certain supposed opportunities under a reorganization which was then proposed, and you will remember that the method that was to be adopted was that the bond mortgage was to be used as a means of obtaining title to the assets for the purpose of carrying out the reorganization and it is quite clear what the Globe and Mail had in mind, the financial column of the Globe and Mail had in mind when it says "Premier Hepburn accepts Ripley's Plan as fair but if it involves foreclosure and shut-out ten thousand shareholders will say unfair." That was the heading in the financial column on March 11th. Do you mean to say your curiosity was so little that when you saw the Globe and Mail, which I take it we both read, saying if the Ripley Plan involves foreclosure and shut-out ten thousand

shareholders will say unfair, that you made no enquiries as to what the provisions of the Ripley Plan were?

A. No, the only thing I know about that so-called Ripley Plan was this, just what you did as a member of the House, I heard the Prime Minister say something about an Order-in-Council which I advised him to announce on the floor of the House for the very purpose that you had in your mind a little while ago.

Q. What was that?

A. To stop the gambling on the stock market, so that everybody would know about it at the same time.

Q. Well, then, you knew there was gambling in the Abitibi stock, and you knew of the fluctuation of the stock at that time, did you?

A. No.

Q. Then why did you make that recommendation?

A. Because I knew it would come and we announced it for that purpose so that there would be no gambling, and we knew what everybody was doing; in other words, there was so many people that I knew knew all about this because there were the different factions and there were the Bondholders and we were going to do this and do that and so and so and it is a fair guess that a good many of these were likely to go and gamble on the stock market.

Q. You did recognize that fact?

A. Oh, of course I did. And so I advised the Prime Minister, when we got the Order-in-Council through, to announce it on the floor of the House, I believe on that very day, so that it would be all done at that very same time, and everybody would know about it.

That is the only reason, Colonel, that the Premier made the announcement on the floor of the House at that very time.

Q. I think it is very important, Mr. Heenan, to remember what the interpretation of the reputable financial writer was of what had been said in the House, having regard to your knowledge of the danger of gambling in the stock. On March 11th, 1939, the day of the announcement in the House, the Globe and Mail had this heading at the top of its financial column:

> "Premier Hepburn accepts Ripley plan as fair, but if it involves foreclosure and shutout ten thousand shareholders will say 'unfair'."

Then let me read this:

> "Honourable Mitchell F. Hepburn, Premier of Ontario, stated in the Ontario Legislature yesterday that, in his opinion, the plan of the Bondholders' Protective Committee for the reorganization of Abitibi Power &

Paper Company is 'eminently fair'. Just what the plan is in detail was not revealed in any of the reports available yesterday, except that the Junior security holders are to be given an opportunity for a period of three years 'to purchase the interest of the bondholders in the new company if they desire to do so.' No statement was made by the Premier as to the other plans which have been in process of formation for months, and it is not even clear that he has seen them or is aware of them."

Having seen that, do you mean to say you did not make any enquiries as to what the Ripley plan was which was referred to as having been mentioned by the Premier in his remarks? Well, as I have said to you, whatever plan was handed to the Premier, and which he said had just been handed to him a few moments ago, I have not had it presented to me yet, altthough I believe you have it.

I was not aware of the Ripley plan in connection with the Abitibi, following along on what had gone before; and no matter what had happened, what was said on the floor of the House—

Q. Let me say one thing more. You had seen Mr. Ripley just prior to that?

A. Oh, on many occasions. I could not say whether just prior to that.

Q. Did not Mr. Ripley say to you anything about the plan he had in mind as to the reorganization of this Company?

A. The only thing he discussed with me with respect to the plans, after the court declared that our legislation was ultra vires, there was a question, naturally, because we were pressing the question to get at a determination, at the very beginning.

There were two steps, one was an appeal to the Privy Council, which was a long and expensive road, and doubtful at that; the other one was for the bondholders to foreclose, because it was an utter impossibility, he declared, to get the various interests together to settle or solve the question mutually. That is the only thing.

Q. Then did not Mr. Ripley tell you that the only way in which they could work out this arrangement would be to get an Order-in-Council which would make it possible to foreclose?

A. He asked for an extension of the Order-in-Council giving him the rights to the timber, and so on.

Q. And did not he ask that an Order-in-Council should be passed which would place a definite limit on that agreement, so that if an arrangement was not worked out in that time, the bondholders of the company could foreclose?

A. No, Colonel, after the case went to the court, the first arrangement had elapsed within a year. That is, if they got a reorganization, this agreement which we made with regard to the power and timber limits would be in force.

In other words, the proposed agreement would elapse within a year. They asked an extension of that for, some said three months, some said six months, and others said for a year, and so on. We did not give them an extension of time, because we wanted them to get together without any problem for the Government.

At that time he then said he wanted a three years or three and a half years extension of time in order to enable him to go through the manoeuvres that he had to go through to get this thing settled up between the investors. And we gave him a year—we extended the time for a year—we did not give him a year but we gave the Abitibi a year, subject to the six months, notice. They asked for three years and a half.

Q. Then there was that discussion about the proposed plan, whether you actually saw the plan or not, so that you did know that Mr. Ripley was seeking to work out a rearrangement based on foreclosure?

A. Oh, yes.

Q. You knew that?

A. Yes.

Q. And you knew that this was the plan being put forward by the Bondholders' Protective Committee, and did you not know that the Order-in-Council which was adduced would have the effect of greatly assisting Mr. Ripley in carrying out that plan?

A. We figured that the Order-in-Council would assist the Abitibi financial men getting together. Otherwise, if they did not have something as to the timber, there would be nothing to get together about.

Q. So that it was not entirely that you wanted to stop gambling?

THE CHAIRMAN: That is not what the Minister said.

A. The statement of the Premier was to stop gambling.

MR. DREW: Q. I thought you said you were concerned about the gambling, and asked the Prime Minister to pass the Order-in-Council?

A. No. When they passed the Order-in-Council, I said that it should be announced as soon as possible, for fear of gambling. And that is why the Prime Minister announced it on the floor, that day or the following day.

Q. Then we are in agreement that the purpose of this Order-in-Council—please understand me. I do not think this Committee is any place where any attempt should be made to decide whether one plan or the other is the proper plan. I believe that our laws are quite adequate to deal with that in the proper way. And, in any event, there must be some tribunal which will determine which plan is right.

I want to say that so that there will be no misunderstanding.

I gather, then, that this Order-in-Council was passed for the purpose of assisting in carrying out some reorganization of the Abitibi Company?

A. Yes. Let me explain this, Colonel, if you will. The first Order-in-Council that was passed carried with it—the agreement carried this, the agree-dated the 24th day of June, 1937, section 3:

> "3. The Government agrees that if within one year from the date hereof (or within such further time as the Government may consent) the Company shall have been reorganized or rearranged, or should the undertaking or assets of the Company be sold to a new company upon a basis sanctioned by or with the sanction of the Supreme Court of Ontario and in any case on a basis satisfactory to the Government, the Government and the Commission will forthwith enter into the necessary agreement or agreements with the new, reorganized or rearranged company to carry into effect th evarious provisions agreed upon and as more particularly set out in Schedule 'A' hereto, other than those mentioned in clause 2."

Now I want to pay particular attention to those words, "with the sanction of The Supreme Court of Ontario and in any case on a basis satisfactory to the Government." I think you will find that in the later Order-in-Council that extends this agreement, with the exception of those words in it, "and in any case on a basis satisfactory to the Government."

DR. WELSH: Q. You extended it until the 1st of April this year?

A. Yes, the Order-in-Council you have been reading from, dated in March, practically extends this agreement until the 1st of April, 1940, with the provision that after that date we can give six months, notice cancelling it. That, you will find upon examination, will be subject to these two Orders-in-Council, the reason being that there was a misconstruction placed on the words "in any case on a basis satisfactory to the Government." Those were put in there for a specific purpose, and lawyers disagree sometimes, and they did disagree as to the purpose of that, and misconstrued it in relation to the clients whom they were representing at the court.

It was put in there for the purpose to make sure that whatever plan was endorsed by the court, it would not carry with it the authority over the timber areas and take the thing out of our hands; and consequently we felt that that would protect us and would be satisfactory to the Government.

We had in our minds this, these things are built, as Mr. Cain said the other day, in the light of experience. The Great Lakes Company came out of experience. They had certain contracts before the court, but it was never unfolded to the court. The court took their word as to what was in those contracts; and, finally, without going into all the details, the judgment of the court was that they could get out of their receivership on the basis that had been set before the court.

We find in their contracts with their customers provisions that this Government would have fought to the bitter end if they had known those provisions were in those contracts. Now we are faced with this, every time we want to

get them in line for their proration of the newsprint, contending, Our contracts are endorsed by the court. Are you going to break the contract accepted by the court?

We never would have allowed that, if we could have prevented those contracts going through in that way. The fact of the matter is that the court itself did not know the contents of those contracts. They took the gentlemen's word for it that they were just the usual so and so, while they were not.

So that we were met, in every step we took, by them saying, You are surely not going to make us break contracts which were endorsed by the courts of Ontario.

We wanted this provision, which is in here, "in any case on a basis satisfactory to the Government."

Now, the Order-in-Council, to which you referred, of the 9th day of March, eliminates that. So that it was just an extension of what had been done.

Q. And the time limit was fixed in such a way that it was for the purpose, as I understand it, and I am merely taking the explanation given by the Premier, of trying to bring this company out of receivership within the year. So that this was an extremely important Order-in-Council affecting a company which had over a hundred million dollars investment in public funds?

A. That is right.

Q. Is it not strange that there is not a scratch of a pen showing why that Order-in-Council was passed?

A. Why should there be?

Q. I thought that business methods would have suggested the wisdom of something on file to provide a basis for so important a decision as that. I would point out the fact of the response to my request in the House for productions last year, and that there is nothing past January 15th, 1937?

A. The Order-in-Council is the whole thing. What more would you want than that?

Q. I would have thought that there would have been some memorandum in regard to the representations of the various groups of security holders. There were at least three distinct interests involved in this. There are the so-called Bondholders' Protective Committee; then there was the group which would be primarily interested in the preferred stock, and then that group which was interested in the common stock. I am talking about those whose interests would naturally fall.

Now, Mr. Heenan, I get back to this, that I am not going to attempt to make this Committee the forum to decide which plan was right—this is not the forum for that; nor am I going to attempt to make this the forum in which discussion will take place as to the merits or demerits of what was done.

Now, as a matter of fact, I would have thought it was highly desirable that when an Order-in-Council having a very important effect upon a company which had over a hundred million dollars of public money invested was to be passed, it would have been of great importance to have a memorandum which would be left there for record and for subsequent examination or reference, on behalf of the various interests which were going to be affected by that Order-in-Council. Do you not think that would be wise?

A. Colonel, the Government at that very moment were taking the very position which you now take yourself, that they were not going to be parties to any particular plan regarding reorganization or refinancing. They have not recommended any plan.

I cannot recall, but I know several persons have called me on the telephone, telling me that they were representing common shareholders, or preferred shareholders; and in nearly every instance I have said to them, You had better write to the Bondholders' Committee and get in touch with them, and fight that matter out between yourselves.

I suppose if all the plans which have been presented for Government endorsation had been retained, I might have a stack about that high. (Indicating.)

There is not a thing in regard to the finances or sharing up that we have taken into consideration or endorsed one way or the other.

I may have said probably a dozen times what the Prime Minister said on the floor of the House. Somebody would tell me what plan they had, and asked, Don't you think that is fair? Well, it looks fair to me, but I am not the person. The persons are the Bondholders' Committee.

Q. Do you mean to say that from January 15th, 1937, until March 9th, 1939, when that Order-in-Council was passed, you had made no memorandum in regard to any of these discussions with Mr. Ripley or others?

A. No.

Q. As to the reorganization that they hoped to make?

A. No, we did not take any interest in it. I was not, and I have not up to the present time taken any interest in any of their plans in regard to reorganization.

Q. Possibly then, just as a matter of understanding the work of the Department, Why was Mr. Ripley up here so frequently, then?

A. Mr. Ripley was up asking for the extension of this agreement time and again.

Q. Did he ever write you about it?

A. I do not think, so. Mr. Ward Wright was up, representing another body of investors.

Q. Did Mr. Ward Wright never write to you about it?

A. No, I do not think so.

Q. What I am pointing out, and I am repeating, is that this is the largest company in Canada, representing considerably over a hundred million dollars of public investments, and yet, if this file is correct, there is not a scratch of a pen anywhere, not only in your Department but anywhere else, to indicate any proposal that was made from January 15th, 1937, nor is there anything to indicate any reason for any action that was taken from January 15th, 1937, up to the end of 1939?

A. I would not pay any attention to their proposals, because I would not have anything to do with it.

The Government was going to take no part in saying what financial set-up should take place.

What they were after all the time was an extension of this agreement. And it was decided that we would not give an extension until they showed some signs of getting somewhere.

Now, the only thing that is not on that file is something that has come in subsequently.

Q. That is subsequently to March 10th?

A. Yes.

DR. WELSH: I suppose, Mr. Heenan, Mr. Ripley wanted to know if he got a reorganization, what terms he could get from the Government?

A. To know whether we would give him an extension. The thing was, could he assure the financial interests that they would get the provisions of this agreement, if he could get a reorganization.

Of course, I said, yes, all the time. That was about the subject. There was a committee appointed by the shareholders, the late Mr. Bradshaw and the Honourable Howard Ferguson; and they submitted a plan, and all I did was to write that these two gentlemen had a plan. I never even read the plan then or now.

Q. When was that submitted?

A. I think I did a little bit to get them together. Whether they have separated since or not, I do not know. But, at least, I would not pass on that plan.

Q. That is after March 10th—that is last September?

A. Oh, yes.

Q. I want to confine my questions, for the moment, to that period between

January 15th, 1937, and March, 1939, when that Order-in-Council was passed. Now, let us get away from the Abitibi for the moment. There was some reason for the passing of this Order-in-Council, because, as you yourself have explained, it was thought that this Order-in-Council would have the effect, if not of forcing, at least of bringing some pressure to bear to bring about a reorganization—is not that correct?

A. Yes, leading up to that, it is. As I have explained to you, this agreement ran out on a certain date. I am not looking over the dates now. It might be, for the purposes of the record, a good thing if I would give the dates, I mean when it would expire.

THE CHAIRMAN: One year from the signatures. Look at Section 3 of the agreement.

WITNESS: This agreement expired on the 24th of June, 1938. Now, as I have explained to you, the various interests wanted us to extend this agreement, to give them an opportunity to reorganize.

I think you will find, even on your file, Colonel, letters from the liquidator asking that it should be extended, and so on.

MR. DREW: What date is that?

A. I have not got it here, but I think you will find it on your file.

Q. On my file, the last letter is in January, 1937.

A. Have you one there from Mr. McPherson, the Liquidator?

Q. Of what date?

A. I do not know, but after this, asking for an extension of time.

Q. No, the last thing on this file, which was tabled in response to a request for all records, is dated January 15th, 1937, an attached memorandum—

THE DEPUTY MINISTER: Colonel, I think you will find a letter on there written by the Liquidator asking for an extension of this agreement of 1937, which had expired.

MR. DREW: It is all jumbled up.

THE DEPUTY MINISTER: I do not think it is jumbled up.

MR. DREW: Q. As a matter of fact it goes toward the end, and there is material subsequent to that. I am glad you have pointed that out.

THE WITNESS: Now, let me finish my explanation, Colonel.

THE CHAIRMAN: The Committee will now adjourn until to-morrow morning at 10.30.

(At 1.00 p.m. Tuesday, January 23rd, 1940, the Committee adjourned until Wednesday, January 24th, 1940, at 10.30 a.m.)

SEVENTH SITTING

Parliament Buildings,
Toronto, Wednesday, January 24th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Timiskaming), Oliver, Spence and Welsh.

THE CHAIRMAN: Order, please.

All right, Colonel.

HONOURABLE PETER HEENAN, recalled.

MR. COOPER: Mr. Chairman, before we start, I want to make a comment on a certain article which was in the Evening Telegram of yesterday which I think gives a wrong impression. There is a statement in this article to the effect that there is not a scratch of a pen in the files from January 15 to March 9, 1939. Now the Minister has the file as produced here, which is a very complete file, including even confidential memoranda, and I think that that should be corrected.

THE CHAIRMAN: Well, Mr. Cooper, which file do you refer to? Is that the file the Colonel had yesterday?

MR. COOPER: Yes.

THE CHAIRMAN: Has that been introduced as an Exhibit?

MR. COOPER: Well, yes, the file the Colonel had—

THE CHAIRMAN: That was laid on the table in the House.

MR. COOPER: I am going to ask the Minister to read the memorandum that he has so that the press won't have the wrong impression.

MR. DREW: Memorandum in regard to what?

MR. COOPER: The file in connection with the Abitibi. The same file the Colonel had yesterday.

MR. DREW: I think it should now be made clear in the record that my comments in regard to there not being a scratch of a pen were of course directed to this Order-in-Council and there may have been some impression gained that there was nothing on file at all, which of course was not correct.

MR. COOPER: There is a memorandum, I understand, in connection with the Order-in-Council, dated March 7, which is on the Minister's file and it was in your hands yesterday, Colonel.

MR. ELLIOTT: Colonel Drew corrected that erroneous impression yesterday by locating a date.

MR. DREW: What I want to get quite clear on the record is this, my remarks with regard to there not being a scratch of a pen are directed to memoranda in support of this Order-in-Council which would show the reasons for it, and it occurred to me at the end of the discussion yesterday that that might have given the impression that that was referring to the complete correspondence; obviously there is of course correspondence, although we can come to that later.

MR. COOPER: That is just what I wanted corrected in the press, that is all.

THE CHAIRMAN: I think it was the statement, Colonel, that there was nothing on the file after a certain date.

MR. DREW: We were referring to a sequence of questions, and that is what I wanted to correct myself: When I said there was nothing on the file that you referred to, there was nothing in the way of memoranda in support of this Order-in-Council.

WITNESS: I fear the impression, Mr. Chairman, has been left in the minds of the public that this Order-in-Council was just drafted over night, as it were, without very much consideration, while the files show very conclusively that there was a great deal of consideration, not only by the Department of Lands and Forests, but the Attorney-General, the Prime Minister's office, the Hydro, and the various officers of the Department, so that it is a wrong impression that has got out to the public that something was just done in the office over night after consultation with some particular gentlemen, which was an erroneous impression.

MR. COOPER: I see on the file here, March 7, 1939, "Recommendation to Council" signed by the Prime Minister and the Minister.

WITNESS: I thought that the Colonel had discovered that last night, but the press didn't carry that. What I would like to do, because, as the Colonel said yesterday, this is one of the biggest industries that we have in Canada, with a hundred million dollars of the people's money in it, I would like to place on record in a short memorandum here the different parties who took part in this discussion and the various discussions. If I have permission of the Committee I would like to do that.

MR. DREW: You mean in regard to the discussion leading up to the passing of the Order-in-Council?

WITNESS: Yes. What I did not intend to do was read the various letters that had been received, and memoranda, but to give the dates of them and whom they were by.

THE CHAIRMAN: Go ahead, Mr. Heenan.

WITNESS: Well, the return of the file that was tabled in the House is made up as follows:

1. A letter from Mr. Clarkson to Draper, of January 15, 1937, with copy of memo.;

2. Letter January 21, 1937, A. M. McCrimmon, Secretary of Hydro, to the Hon. H. C. Nixon, six pages, including seven pages of memorandum by T. H. Hogg, dated December 19, 1936, with two pages of figures on capital set-up and annual cost of Crystal Falls and Sturgeon Falls power plant, also copy of report T. H. Hogg, dated December 21, 1936, with two sets of figures re Espanola plant;

3. Memorandum dated January 22, 1937, Draper to Nixon (that is the Hon. Harry Nixon) transmitting two memoranda. (I take it that the Hon. Harry Nixon was Acting Prime Minister at that time.)

4. Confidential memorandum dated January 28, 1937, H. C. Nixon to W. C. Cain, attaching confidential memorandum from Hydro-Electric Commission.

5. Private and confidential letter from Deputy Minister to Mr. Nixon in reply to No. 4, January 30, 1937.

6. Letter January 28, 1937, T. S. Lyon to Hon. H. C. Nixon, enclosing memo which was included in Mr. Nixon's letter to W. C. Cain, January 28, 1937, said memo signed by Hogg and Jeffery and dated January 27, 1937.

7. Memo February 4, 1937, Draper to W. C. Cain.

8. Letter February 12, 1937, Solicitor Hanna, Hydro-Electric to A. E. Semple and transmitting letter R. H. Elmhirst to Mr. Heenan.

9. Letter February 27, 1937, Blake, Lash & Cassels to W. C. Cain. Copy of Draft Agreement (subsequently approved) as dated June 24th, 1937, copy on the return to House its number herein on this file for ready purposes being 28.

10. Letter Prime Minister to T. Stewart Lyon re storage facilities of Night Hawk Lake.

11. Letter March 2, 1937, Blake, Lash & Cassels, Osler to W. C. Cain re draft agreement.

12. Letter Glyn Osler to W. C. Cain, March 4, 1937.

13. Letter Glyn Osler to Minister, March 17, 1937, revised proof of draft report.

14. Memo W. C. Cain, March 22, 1937, to Blake of Attorney-General's Department.

15. Letter March 24, 1937, to W. C. Cain by L. F. Mogg for Glyn Osler re galley proof.

16. Letter April 9, 1937, Glyn Osler to H. C. Draper re agreement.

17. Letter April 20, 1937, Osler to Draper.

18. Letter April 21, 1937, reply to Osler from Draper.

19. Letter May 5, 1937, Glyn Osler to Draper.

20. Recommendation to Council May 5, 1937, referring to draft agreement attached. (Copy of agreement numbered 28.)

21. Order-in-Council May 13, 1937, approving recommendation dated May 5, 1937. (This order approved agreement excluding therefrom recital Clause 2, page 2, referring to approval of Bondholders' Representative Committee.)

22. Order-in-Council June 2, 1937, revoking former one and approving of draft agreement, including the said recital Clause excluded in the first Order.

23. E. G. McMillan, June 16, 1937, to Prime Minister re plan of Liquidator.

24. June 16, 1937, Johnston, Heighington, Tory and Company to Prime Minister, enclosing five copies of agreement for execution by Government.

25. June 22, 1937, Memo Deputy Minister to Minister, sending five copies for signature.

26. June 25, 1937, Minister sending three copies back.

26½. Receipt from Johnston, Heighington, Tory & Johnston of three signed copies.

27. Letter from Johnston & Company, June 25th, acknowledging also receipt of said three agreements.

28. Copy of signed agreement, June 24, 1937.

29. June 30, 1937, Deputy Minister to Secretary Hydro-Electric Commission, copy of agreement.

30. July 5, 1937, acknowledgment from Mr. McCrimmon.

31. July 30, 1937, letter, Johnston, Heighington, etc., to H. C. Draper, transmitting draft Order-in-Council for release and settlement re claims —approved by H. C. Draper as to form.

32. Letter November 4, 1937, A. G. Alexander, Montreal, to Minister.

33. Letter, Minister, December 7, 1937, replying to Alexander.

34. C. L. Snyder, March 8, 1938, to Minister, with reasons for judgment.

35. Wright and McMillan, June 24, 1938, to Minister re extension.

36. June 27, 1938, Telegram, Deputy Minister to Minister.

37. June 28, 1938, Minister wires reply.

38. June 28, 1938, letter, W. C. Cain to Wright and McMillan.

39. July 5, 1938, McMillan to W. C. Cain.

40. July 8, 1938, memo, Deputy Minister to Minister.

41. October 6, 1938, Gordon McMillan to W. C. Cain (with pencil notation by W. C. Cain).

42. March 7, 1939, recommendation to Council signed by Prime Minister and Minister.

43. March 8, 1939, Attorney-General to Minister L.A.

43½. Letter, March 8, 1939, T. H. Hogg to Attorney-General.

44. March 9, 1939, Order-in-Council based on recommendation of March 7th.

45. March 9, 1939, letter, G. St. Paul, Toronto, to Minister.

46. March 13, 1939, letter, T. H. Hogg to Attorney-General enclosing summary.

47. March 13, 1939, summary as referred to in March 13, 1939.

48. March 13, 1939, Attorney-General to Hogg.

49. March 13, 1939, T. H. Hogg to Attorney-General.

50. March 13, 1939, Attorney-General to Dr. Hogg.

THE CHAIRMAN: Q. Pardon me, Mr. Heenan, do the papers, the list of which you are reading, appear on the file Mr. Drew has?

A. Yes.

Q. You are reading now of telegrams and communications dated 13th March, 1939; does that file include all those?

A. Yes.

MR. DREW: It goes past this.

THE DEPUTY MINISTER: They go down to the end of March.

WITNESS: There are only a few more, so you might as well let me complete it:

51. March 13, 1939, T. H. Hogg to Attorney-General.

52. March 14, 1939, Minister to Gordon S. Paul.

53. March 20, 1939, M. G. Alexander to Minister.

54. March 21, 1939, letter, Calvin Snyder to Minister.

54½. March 23, 1939, letter, Gibson to Prime Minister and Bell to Prime Minister.

55. March 24, 1939, J. J. Panneton, Montreal, to Prime Minister and letter by R. H. Elmhirst transmitting same March 27, 1939, to Minister.

56. March 29, 1939, letter, H. J. Symington, K.C., to W. C. Cain, enclosing plan of Proceedings by Bondholders.

57. Plan referred to in 56.

58. Letter, March 29, 1939, Symington to Minister, enclosing plan.

59. Letter, March 31, 1939, Minister to Symington, acknolwedging receipt of his letter.

The purpose that I want to record that for is to indicate that we appreciated the magnitude of the undertaking, the responsibility in connection with the whole thing, and that the whole situation had been canvassed, not only by eminent lawyers but members of the Cabinet, including the Attorney-General and his lawyers, the Hydro Commission, rather than to give the impression that it was just something that was written over night and put in the Cabinet the next day.

There was another article in the press that I would like to correct, one that could easily be mistaken by the reporter. As I recall the article, and I am sorry I haven't got it here (I am not reading from that one, I am reading from yesterday's), it was, in reference to the Order-in-Council, that Colonel Drew asked me a question and I am reported to have said that the Order-in-Council was passed for the purpose of stopping gambling on the stock market. It is very obvious that the Order-in-Council would not stop gambling. I said that the purpose of the Prime Minister's announcement in the House was to stop stock market gambling.

THE CHAIRMAN: Q. I have your answer here, Mr. Heenan, at page 253. Colonel Drew asked:

> "Q. I thought you said you were concerned about the gambling, and asked the Prime Minister to pass the Order-in-Council? A. No. When they passed the Order-in-Council, I said that it should be announced as soon as possible for fear of gambling. And that is why the Prime Minister announced it on the floor, that day or the following day."

That is the answer you were referring to?

A. Yes. The press has got it the other way, that I introduced the Order-in-Council to stop stock gambling.

MR. DREW: Q. Is that all?

A. I might say in conclusion on that point that I have been in the House of Commons and the Legislature and I have seen a great many files filed by the Government and I have never seen one yet that is so full and complete, even to the extent of confidential documents, as this one is.

Q. Well, that is the end of the statement, is it?

HON. H. C. NIXON: You don't want any more, do you?

MR. DREW: Yes, I must confess I would like—

HON. H. C. NIXON: You are pretty hard to satisfy if you are not satisfied with that.

MR. DREW: I regret very much that you should make that remark, because it just indicates how little information you think should be on file in a case of this kind, because what Mr. Heenan has repeated is merely a reference to a series of memoranda and copies of letters, which indicates no reason whatever for the passing of this Order-in-Council—none whatever. I repeat what I said yesterday, that he has not referred me to a scratch of the pen which gives a reason for dealing with the Order-in-Council. You refer to a memorandum which preceded the passing of the Order-in-Council and that memorandum is a memorandum which is in fact a draft of the Order-in-Council itself, it is marked "44" annexed to sessional papers.

MR. COOPER: This is the paper the Order is based on—upon which the Order is made.

MR. DREW: Quite true, but as far as the Department is concerned I can find no specific recommendation which would indicate why so important an Order-in-Council as this was being recommended.

WITNESS: Will you try to let me explain that for you?

MR. DREW: Yes, but just before you do that let me point this out: In what you have done you have given us doubtless a very useful index of the documents filed in the sessional papers, but those sessional papers include a series of very natural exchanges in regard to the extension of the agreement of 1937 and so on, and various other matters up to July, 1938, at which time there was a memorandum from the Deputy Minister in regard to the desirability of encouraging and expediting reorganization of this company and then there is a gap from that until October 6, at which time there is a letter from Mr. McMillan in which he refers to a certain letter in regard to the liquidator—that is October 6, 1938—and then the next paper that we find on the file is the draft of the recommendation for this Order-in-Council which, in accordance with the regular practice becomes in itself the Order-in-Council if adopted. What I am getting at, and there is no mystery about my questions, no catch about them, it seems

to me that in addition to the bald recommendation that an Order-in-Council producing a certain result should be passed there should be some memorandum or memoranda from the men connected with the Department or from yourself indicating the reasons why this course is being adopted. And in spite of the fact that you point out that this is one of the most complete files you ever saw, I may say that I too, although I haven't shared the same experience, have had occasion to see the files of the Dominion Government and I know that there is a practice there in the case of important Orders-in-Council to have a very complete supporting memorandum in addition to the specific recommendation. Don't you think it would be a good thing from the point of view of others who might be called upon to deal with matters of this kind to have a record of the reasons for recommending this particular Order-in-Council.

WITNESS: Colonel, I know you are not trying to make a mystery of it—

MR. DREW: No.

WITNESS: —and there is no mystery to it. The agreement was consummated by the first Order-in-Council, everybody seemed perfectly satisfied, the liquidator and the bondholders and everyone, there was no complaint about that whatever. Now then there is a gap there, you say, and the gap was because of the fact that they went into court and the court declared that the legislation under which they went into court was ultra vires of the Provincial Government. Then the next that you see on there, if my memory carries me right, was this, that there was an application for the extension of this agreement, and I refused to give an extension of the agreement. Now there were conversations carried on and all we did with the Order-in-Council, which you read yesterday, dated the 9th day of March, 1939, we extended that time for a further year, that is all, there was no mystery attached to it whatever. In other words, why should there be a memorandum from somebody? What good could it serve to say that subsequently applications have been made by this gentleman and that gentleman, and so on, for an extension of time when the Minister has decided to give them an extension of time? What good purpose would be served?

MR. DREW: Q. Since you ask me the question, I would think it would serve a very useful purpose, and I am looking now to the function of this Committee as a Committee which will make certain recommendations, and I would have thought that it would have been a very useful thing to have had established a Departmental practice of placing on record in some permanent form the actual reasons for any important steps, so that subsequently those who might not have personal recollection of the events could determine whether or not the steps had been properly taken. Now you say: What use would it be? I would think it would be of very considerable use if we had something on file such as this: "I had several interviews with Mr. Ripley, I had several interviews with Mr. Gundy, I had several interviews with others who represented other classes of securities, and although one group were recommending that we should not do this and another group were urging that we should, we decided this would be the best way of facilitating the reorganization." I am only giving that as a broad proposition. It seems to me something of that kind would then give an effective starting point to others who had to deal with it in future. And also it does seem to me that we cannot ignore in a case of this kind what the effect actually was of what took place. Again, let me get this on record: I have no intention

of seeking in any way to make use of any of the opportunities that are afforded in a Committee of this kind to go beyond the strict limitations of what the duty of this Committee is, and that is to try and consider the method of administration and to decide what should be done, but when we look at it from that point of view it does then seem to me important that we have due regard to what the effect was on this particular occasion of what was actually done regardless of what the intention may have been. You have recognized yourself this morning the importance of having the press correctly convey to the public the general effect of what has been done here; in the same way I don't think that in considering how the Department should act we can ignore the effect that the press reports on anything of this kind have on the public. You yourself said yesterday, and I entirely agree with you, and what you said was that it was the announcement of these orders that you thought would stop the gambling, not the Order-in-Council itself, because quite obviously so long as the Order-in-Council remained secret—I mean not announced to the public—it could have no effect on any gambling or speculation on the stock market, but the point is that the very thing that you sought to achieve was in fact defeated by the thing you did, because you will find, for instance, that in the Globe and Mail of March 13, 1939, there is this rather large heading, "Abitibi stocks slump in Toronto Montreal on Hepburn's statement".

THE CHAIRMAN: Mr. Drew, this is a Committee which has been established, to ascertain certain facts. Now if you are giving us theories on the interpretation of some newspaper reports, surely we don't want to go into that. The Prime Minister made a certain statement in the House that may be interpreted in a certain way—

MR. DREW: Those interested in the stocks interpreted it in a certain way and the Globe and Mail reported that effect.

THE CHAIRMAN: But suppose there were a flock of memoranda on that file, what effect would that have on the general public? They wouldn't know a thing about it unless they were advised about the Order-in-Council adopting the memoranda and I don't see what effect that would have had.

MR. DREW: I would think, Mr. Chairman, that it is extremely important in considering the way actual things of this kind may be done in future we should have regard to what actually happened in the past and I am pointing out here, not that this is the opinion of the Globe and Mail or any other newspaper, but I am pointing out that Mr. Heenan explained to us yesterday that the reason he advocated the announcement of this Order-in-Council was to avoid what he called gambling, or shall we say speculation on the Stock Exchange, and that quite contrary to that the newspapers recorded the fact that it produced a very heavy wave of speculation in a certain direction, or selling, call it what you like, and what I am pointing out is that it does seem to me that since we are to make some recommendation as to the manner in which matters of this kind will be handled in the future we must know regarding what did happen in the past.

THE CHAIRMAN: But there was a statement made in the House by the Prime Minister and if anything was misinterpreted it was that statement and I don't see what that has to do with the lack of memoranda leading up to the Order-in-Council, or rather the lack of memoranda on file leading up to the Order-in-Council. I absolutely fail to see any connection between the two.

MR. DREW: I am indicating the importance of this in relation to the very point which Mr. Heenan raised yesterday. You see, Mr. Heenan made a statement on March 8th which I read yesterday, which was in fact the day before this Order-in-Council was finally dated, and in that statement he explains that the Government was going to take no part in this matter, and yet we find that on the face of this Order—

MR. COOPER: No, he didn't say that, Colonel; that is only part of the statement.

MR. DREW: I am not covering the whole statement, I will read the whole statement if you like.

MR. COOPER: He said, failing such agreement, the Government will accept any settlement accepted by the court.

MR. DREW: In other words, the Government was not going to interfere.

WITNESS: I thought I explained that thoroughly yesterday, Colonel, that the only material difference in this Order-in-Council from the agreement of the 24th June was that we cut out any reference as to what the Government might do, leaving it with the court.

My statement is that the Minister, almost as much as any other one, is harassed by the press, and my statement was that the Government was not interfering by leaving it to the court. And this Order-in-Council passed on the following day leaves it to the court.

MR. DREW Q. Mr. Heenan, you were in the House at the time this was explained, and you will remember, and if you do not remember, correct me, but I think you will remember, that it was pointed out that this matter should be dealt with in the courts it was explained that there had already been a sale made in the court proceedings, and that the Government could not sit by and permit this company to continue in liquidation, and that the Order-in-Council was for the purpose of forcing the hands of those interested in this company,—I do not mean in any improper way?

A. I do not think I said "forcing", but enabling them—

Q. But you will remember that there was quite an extended discussion in the House as to the possibility of working this out under the Companies Creditors Arrangements Act?

A. Yes.

Q. And it was explained that it had been found impossible to work this out in the courts, and I understood it and the reports quite clearly indicate that that was the way the statement was understood, was that the Government was not prepared to permit this matter to delay any further, so far as the courts were concerned. And the effect of Mr. Hepburn's statement certainly was to give the public the impression,—and that is all I am pointing this out for,—that this Order-in-Council was intended to express approval of a certain plan?

A. But that was not a fact. As I got it at that time, somebody handed the Premier what is now known as the Ripley plan, which I understand he subsequently handed to yourself; and he had that in his hand, and there was some paragraph pointed out to him and he was asked if that was fair, and he said, Yes. And he went in to the House, and he said he had been handed a plan, but I do not think he read it—

Q. But he read from it?

A. Just a clause which indicated the method if the bondholders foreclosed on their mortgage, the method by which the other security holders could get an opportunity of getting a portion of their investment back, I think it was within three years.

As I said yesterday, I have never seen it, I have not read it, and I have not read any one of the plans which have been submitted to me.

Q. You did not consider the details of them at the time this Order-in-Council was rescinded later in the year?

A. No, I never saw it; because this Order-in-Council had nothing to do with any of the plans. It just says, whatever plan was approved by the court.

Q. We cannot escape the effect, no matter how much we would like to, of the newspaper reports which clearly indicate a specific thing, and I point out that, although this morning you undertook to correct something that was said yesterday, you did not attempt to correct a report which was made at that time, on the authority of a Canadian Press despatch, which would go out in the same form to many newspapers in Canada,—and of course we are particularly concerned in this case with Canada.

Then on March 11th, 1939, reporting on Mr. Hepburn's announcement on March 10th, he said this, according to this press despatch,—reading from the London Free Press, which used the same Canadian Press despatch which went out as a uniform despatch over their wires:

> "Premier Hepburn told the Legislature yesterday the assets of the giant company were not worth the face value of the bonds. He said the Government had been presented with a plan for the bondholders to foreclose but giving the stockholders a three-year opportunity to take over the properties."
>
> "The Premier said the Government was not interested in the conflicting claims of the holders of the different classes of securities of the Abitibi Company, in receivership since 1932. Its interest was in proper utilization of Ontario's resources and in providing employment."

As a matter of fact, Mr. Heenan, you will, I think remember that on that occasion Mr. Hepburn read a quotation from the recommendation of this particular committee, at the time he announced this Order-in-Council, which used the expression that the assets of this company were not worth the face value of the bonds,—do you remember that?

A. I forget that particular portion of it.

Q. Would you not think that was an extremely important point from the point of view of the head of the Government?

A. Yes.

Q. This is important, it seems to me from a matter of how the Department—

A. Of course he was only, at that time, which was obvious to all who were interested in it, referring to the fact that the Abitibi Company were not earning sufficient to pay their bond interest.

Q. But there is a vast difference, Mr. Heenan, between a company not earning sufficient to pay its bond indebtedness and its assets not being worth the bond interest. Now, here is a more extensive notice from the Globe and Mail of the 11th March. It says,—Mr. Hepburn is first described as announcing this Order-in-Council, and then the Globe and Mail says,—I am quoting from the Globe and Mail: "He read a statement from the Bondholders' Committee in the House, which says in part, 'It is evident that Abitibi assets are not worth the amount of the bonded debt'."

THE CHAIRMAN: Pardon me, that was the statement from the Bondholders' Committee. Would you mind reading that over again?

MR. DREW: "He read a statement from the Bondholders' Committee in the House, . . . "

THE CHAIRMAN: Yes, a report from the Bondholders' Committee; but Mr. Hepburn did not say that. That was the statement which he read, evidently.

MR. DREW: I have first read the exact words of the Canadian Press despatch.

THE CHAIRMAN: Yes, and I am calling your attention to the fact that these words were evidently in the Bondholders' Committee's report. Some newspaper put those words in Mr. Hepburn's mouth, for which you cannot hold him responsible.

MR. DREW: No. "It is evident that the Abitibi assets are not worth the bonded debt." He said the Government had been presented with a plan for the bondholders to foreclose forgiving the stockholders a three-year opportunity to take over the properties,—an opportunity within three years to purchase the interests of the bondholders in the new company, if they desired to do so.

It goes on to elaborate certain of the details, and it was in respect of that that Mr. Hepburn said that the proposal was "eminently fair",—you remember that, don't you?

A. I remember that, and it was in relation to one particular portion which he read.

Q. He read the words, and not only read the words, but they were incorporated in a typewritten statement which was handed to me, and no doubt it was

handed to you at the same time, and no doubt a copy of it was handed to the press, and he quoted therefrom as in the report of the Bondholders' Committee which said what they were offering on that basis, and then said that the plan was "eminently fair". Now I come back to the records before that, and point out that these are not only the records of your own Department but the records of any other department in regard to the Abitibi. The Order-in-Council was passed on your recommendation as Minister, and his as Premier; and notwithstanding that he read the exact words from the Bondholders' Committee's report, that the Abitibi assets are not worth the bondholders debt, and then went on and said it was "eminently fair",—in spite of that, there is not, either in your files nor in the files of the Premier,—because this return covers all other government departments,—there is nothing to show that there was any justification whatever for that statement by the Bondholders' Committee, is there?

A. I did not make it. You will have to ask the Prime Minister what justification there was.

Q. Even assuming, for the sake of argument, that you were aware of the statement whcih the Premier was going to make in this respect, as the Minister responsible for this Department, did it not seem to you advisable, having regard to the tremendous importance attached by the press and the public to this,—all you have to do is to look back to see how important it was considered by the public,—would not it have been advisable for you and the Department to have had something on file or on record to support the statement which was made?

A. You see, Colonel, you were evidently paying too much attention to what the Prime Minister said as being different from the Order-in-Council. The Order-in-Council is not based on anything that the Prime Minister said, or on the Ripley plan or any other plan.

I am sure I could not have sat down with the gentleman who wanted to show me their plans, and have said that each one of them was fair, because that would be their point of view. But the Order-in-Council is extending permission for them to go to the court, and assuring them that if they go to the court and get their approval, the timber limits and everything else are there.

MR. ELLIOTT: There is a report in the Windsor Star on March 11th, reporting at some length on the proceedings; and the last paragraph of the report on the Prime Minister's statement, gives exactly correctly the effect of the Order-in-Council as follows:

> "In explaining the effect of the Order-in-Council, the Premier stated: 'This has the effect of making available to anyone who, with the approval of the courts, is successful in taking the Abitibi Company out of receivership, the timber and water power rights necessary for the successful operation of the undertaking'." This is in quotation marks.

MR. DREW: That has already been read.

MR. ELLIOTT: Not the last paragraph.

MR. DREW: Q. Mr. Heenan, it is perfectly obvious that if this Order-in-

Council had merely been announced as an Order-in-Council by itself, it would be just what you say it is.

A. Very good.

Q. In other words, this Order-in-Council, taken by itself, is nothing but an extension of an agreement of 1937. But the importance attached to that Order-in-Council, and the effect attributed to that Order-in-Council by the financial writers and those who seek to interpret to the public the effect of things of this kind,—the importance lay in the accompanying statement by the Premier. I think you will agree, Mr. Heenan, won't you, that if this Order-in-Council had simply been put through and appeared in the Gazette, that by itself, it would have been just what you have described, an extension of an existing agreement. The importance came from the fact that in his statement announcing that Order-in-Council, the Premier referred to a specific plan in fact so specifically that he quoted the exact words of that plan which said the assets of that company were not equal to the bonded indebtedness. And while he did not adopt those words as his own,—I am not suggesting that,—he did, however, say that the plan outlined, on the premises that the assets were not worth the bonded indebtedness, was eminently fair?

HONOURABLE MR. NIXON: No, that is not fair at all. That sentence was directed only to the one particular sentence as to the right to take over from the bondholders within the three-year period.

MR. DREW: I think he premised that upon the fact that the report said that the assets were not worth the bonded indebtedness.

HON. MR. NIXON: No.

THE CHAIRMAN: And, furthermore, the paragraph read by Mr. Elliott makes it perfectly clear that it was perfectly open to the shareholders to take advantage of it.

MR. DREW: It is perfectly evident that the whole Committee has constituted itself as a defence.

HON. MR. NIXON: No, it is not a question of defence at all. If there is to be any question about that, the Prime Minister might be asked to come here and give evidence.

MR. DREW: There is no object of getting heated over this.

HON. MR. NIXON: I am not being heated.

MR. DREW: If the Prime Minister made a statement contained in a report, he would not know about the facts stated in it; and if the Premier made a statement which has such an important effect upon the Minister's department, and without his knowledge, then I suggest that we as a Committee should recommend that that should not happen in the future.

HON. MR. NIXON: I asked you if you quarrelled with the statements which were given to the press by Mr. Heenan, which you read yesterday.

MR. DREW: What statement?

HON. MR. NIXON: The statement given to the press by Mr. Heenan of March 8th.

MR. DREW: If you will point out the statement. It was pointed out that at the time Mr. Heenan made the statement that no intervention was contemplated by the Government, and then the very next day an Order-in-Council was passed which by itself merely extended the agreement; but by the announcement clearly indicated that it supported a plan.

WITNESS: Do you not think it is the duty of the press to find out from the responsible officials? Why do they not take the plan or refer to the document that was passed, rather than make other statements?

MR. DREW: That statement which was read yesterday was made on the day before the Order-in-Council was passed.

WITNESS: And this Order-in-Council was passed the next day to substantiate that statement that we were leaving it to the court.

Q. Then I come back to this, and say that it is important that we should consider its effect. Please do not attribute motives to me.

A. I am not attributing any motives to you.

Q. But Mr. Nixon seems to have the idea that I am trying to distort things. You, yourself, having regard to the way information from the Department does get out, that there was danger of gambling or speculation, unless the situation was made clear?

A. That is right.

Q. On March 8th, you made a statement, no matter what your intention was, which was interpreted that there was to be no intervention, and as a result of which the junior securities rose considerably. Then the very next day, the Order-in-Council was announced, not as an Order-in-Council by itself but accompanied by a statement as to a particular plan, and as to at least one part of that plan the Premier said it was "eminently fair"; and whether it was intended to do that or not, the effect of it was to cause a very substantial slump in the Montreal market in the junior securities. Now, having regard to your own expressed concern about avoiding things of that kind, do you not think that your department should have had some concern with what the result of this was, in the way of speculative effect of this on the Stock Exchange?

A. No, you cannot stop people from gambling. If the Prime Minister had made a certain announcement, the Opposition, you will remember, took the position very strongly that the Government should intervene in respect to the Abitibi; and the stock might have gone one way or the other as a result of the statements on behalf of the Opposition.

I do not see how you can guard against that. This Order-in-Council, before

it was finally completed, what I worried about as much as anything, naturally, when it goes through so many departments, and so many officials know what is going on and talk, without intentionally giving information away, I could easily see the widespread gambling that might occur. And that is the reason the Prime Minister made the statement.

It was known in the Hydro, in the Attorney-General's Department, and other branches and departments; different parties interviewing the Government in respect of it. And it was because of that that I suggested to the Prime Minister, and he readily adopted it, that when this Order-in-Council was adopted it should be anncunced right away. And the Order-in-Council was to substantiate what I had said the day previously, that the Government was not interfering in the various matters of reorganization, but was leaving it to the court, and assuring them of the timber, once they got through the court.

MR. COOPER: Q. If there any inconsistency between your statement of the 8th, and the Order-in-Council of the 9th?

A. Not a bit. It is just substantiating what I said on the 8th.

Q. That is what I read. Is not that what the Order-in-Council of the 9th provided? A. Yes.

MR. DREW: Q. Mr. Heenan, there is no use in us going around in circles on this. You are surely not suggesting that the Prime Minister's statement did not make it perfectly clear that he was referring to the plan which has come to be known as the Ripley plan, in connection with it?

A. I think you had better have the Prime Minister answer that for himself.

HONOURABLE MR. NIXON: I would think so.

MR. DREW: Q. Mr. Heenan, as the Minister who suggested it, do you not say that the reasonable interpretation of the statement of the Prime Minister is that he was referring to the Ripley plan?

A. If I was to be held responsible for what the Prime Minister and the leader of the Opposition say, I would be doing nothing else.

Q. I think that answer gives effect to the difficulty which I have in getting down to the facts in connection with this.

A. There is no difficulty in getting down to these facts. The Order-in-Council speaks for itself.

Q. That is right, if it is left to speak for itself, because it is not accompanied by anything else. Now, Mr. Heenan, will you let us know what day this Order-in-Council was rescinded?

A. It was not rescinded.

Q. Did not Mr. Hepburn announce it in the Special Session?

A. No, I did. I read a telegram that the Prime Minister sent to Mr. Symington, of the Bondholders' Committee, not to go to the courts for foreclosure proceedings.

Q. Have you that here?

A. Yes, I think so. Do you want me to read it?

Q. Yes, please. What exhibit will this be?

THE CHAIRMAN: Exhibit 12, a telegram from whom to whom?

WITNESS: From Mr. M. F. Hepburn to Mr. H. J. Symington, Chairman, Bondholders' Protective Committee, Abitibi Power and Paper Company, Limited, 244 St. James Street West, Montreal. Dated Toronto, September 18th, 1939:

> "The Government of the Province of Ontario has given serious consideration to the plan of procedure in connection with the reorganization of Abitibi Power and Paper Company, Limited, which provides for the sale of the properties. In view of changed world conditions the Government has come to the conclusion that it would be inadvisable to offer these properties for sale at the present time. Therefore the Government will cancel the Order-in-Council dated March 9th, 1939."
>
> (Signed) "M. F. HEPBURN."

EXHIBIT No. 12—Filed by Mr. Heenan: Copy of telegram ,dated September 18th, 1939, from the Premier to H. J. Symington, Chairman, Bondholders' Protective Committee, Montreal.

MR. COOPER: Q. And was it ever cancelled?

A. No, it says we will, but does not say when.

Q. And the reason it was not was because the bondholders acted upon the suggestion?

A. I was advised by Mr. Symington that they had already instructed their lawyer, Mr. Tilley, to go into court for the purpose of effecting the sale. But, as you recall, the war broke out about that time; and the junior security holders, who had been claiming that they had some equity in that property, now figured that, due to the war conditions, there would be an uphill demand for paper and at high prices. And that, although no equity appeared to exist prior to the war, there might be an equity now.

Q. That the prospects looked bright?

A. The prospects looked bright; and the Government felt that that was not the proper time for a sale of such a large property as this.

MR. DREW: Q. I suppose that this telegram was discussed with you before it was sent, was it?

A. Oh, yes.

Q. So that before this telegram, Exhibit 12, was sent, you knew the contents of that telegram?

A. Yes.

Q. Then will you produce any memorandum or any exchange of correspondence which led to the sending of this telegram?

A. I do not believe that there was any correspondence; but what happened was this: The junior security holders—I think that is a good way to refer to them—the preferred shareholders and common shareholders—

Q. Yes.

A. They formed a committee, comprised of the Honourable Howard Ferguson and Mr. Bradshaw, and they were trying to get the Government, or to get me, at least, as the Minister, to present their plan to Symington as a compromise. And I got Mr. Symington to come up to Toronto. He claimed that these gentlemen had no authority from anybody to make any settlement. The result of it was that I could not get them together.

Then I took them over, later in that same afternoon—I just forget the date now—to see the Prime Minister and the Government, and they did not get together. In other words, they would not discuss it between them. Mr. Symington still claimed that these gentlemen had no authority whatever to offer any compromise. In other words, that they were not representing anybody but were just self-appointed. So that he then went back to Montreal; and I suggested to the Prime Minister that he should stop them going through the courts, and the only way I knew to do that was to cancel this Order-in-Council, and then they had nothing to go to the court for, except their machinery and building. They would have no timber. So that there would be nothing on file relating to these different discussions.

Q. And there would be no memoranda or recommendations on file?

A. Oh, no. I might have been listening to the Opposition before I decided, with the Prime Minister, to send that telegram.

Q. To which Opposition?

A. The Opposition on the floor of the Legislature.

Q. Oh, no, I am discussing what took place in your own office.

A. There is no record of mine putting down what the leader of the Opposition said, or what the leader of the Government said. I never made any memorandum like that.

Q. And I gather at the moment you would not have any occasion to make a memorandum to that effect. May I take it, then, as definite, that prior to

the sending of the telegram on September 18th, 1939, to Mr. Symington, as Chairman of the Bondholders' Protective Committee, which was the committee which had sent the recommendation referred to on March 10th—the same committee?

A. The Bondholders' Protective Committee was the same committee, with the exception, I think, of the President. Mr. Symington was the President in place of Mr. Ripley.

Q. And do I take it as definite that prior to the sending of this telegram on September 18th, 1939, there were no memoranda exchanged or placed on file in regard to the reasons for sending this telegram?

A. No, the telegram is the result of discussions between the various parties and the Minister and the members of the Cabinet. The telegram was the result.

There was no memorandum saying that Mr. Symington says this, and Mr. Howard Ferguson says something else, and so on. I got alarmed at the thought that they were going to the court to sell properties, at the time when there looked to be a probability of a fair share of prosperity in business along that line; and I felt that it was my duty to advise the Prime Minister of the seeming unfair attitude on behalf of the bondholders. And therefore I recommended that the Prime Minister should send that telegram. Probably I should have sent it, but at that time they would take more notice of what the Prime Minister said than of what I said.

Q. Then may I take it that, having regard to the changed world conditions, you had come to the conclusion that it was not wise to permit this plan to proceed, and that the telegram was sent for that reason?

A. That is right.

Q. Then you were taking a very direct interest in a particular plan, were you not?

A. You will notice that the agreement says, rearrange, refinance or sell, and so on. They were taking the sale end of it; they were not refinancing or rearranging or reorganizing. They were taking the position that they were going to foreclose on the mortgage; and I thought that was not a proper time to foreclose on the mortgage. The thing we had to do was to stop them in this regard, so that they would have no timber if they went through the proceeding which they had then adopted.

Q. As I understand what you have just now said, it is this, that you did not think, having regard to the situation which had then developed, that they should be permitted to proceed with these foreclosure proceedings—is that right?

A. Yes.

Q. Then I think it is quite clear that the telegram of September 18th was sent with the intention of intimating that the foreclosure proceedings would not be permitted to proceed—is that right?

A. That is right.

Q. And you say, therefore, the Government will cancel the Order-in-Council dated March 9th, 1939?

A. That is right.

Q. That was intended to prevent them from proceeding with the foreclosure proceedings?

A. That is right.

Q. Then surely it gets back to it that the effect of the Order-in-Council of March 9th, 1939, was to facilitate their foreclosure proceedings?

THE CHAIRMAN: Oh, surely!

A. The Order-in-Council speaks for itself.

MR. ELLIOTT: You should say that that is a violent assumption, instead of an inference?

A. I will read the words: "It was amongst other things agreed by the Government that if, within one year from the date thereof (or within such further time as the Government might consent) Abitibi Power and Paper Company, Limited (hereinafter called 'the Company') should be reorganized or rearranged or should the undertaking and assets of the company be sold to a new company upon a basis sanctioned by or with the sanction of the Supreme Court of Ontario and in any case on a basis satisfactory to the Government, the Government and the Commission would forthwith enter into the necessary agreement or agreements with the new, reorganized or rearranged company to carry into effect the various provisions agreed upon and as more particularly set out in Schedule 'A' to the said agreement other than those mentioned in Clause 2 thereof; that a plan of sale of assets and reorganization of the Company was submitted under the Judicature Amendment Act, 1935, to the Supreme Court of Ontario which, on January 17th, 1938, made an order dismissing a motion for a sale of the assets of the Company pursuant to the Plan, and that an appeal from the said Order to the Court of Appeal for Ontario was dismissed on the 13th day of June, 1938; and that certain proceedings may be taken in the Supreme Court of Ontario which may result in a reorganization or rearrangement of the Company or sale of the undertaking and assets of the Abitibi Power and Paper Company, Limited.

"Therefore having regard for the foregoing, the Honourable Prime Minister and Provincial Treasurer and the Honourable The Minister of Lands and Forests, recommend that if and when a reorganization or rearrangement of the Company is duly completed or if and when a sale of the entire undertaking and assets of the Abitibi Power and Paper Company, Limited, is duly approved or directed by the Supreme Court of Ontario and such sale duly completed, then the various provisions of the Agreement dated 24th of June, 1937, other than those mentioned in Clause 2 thereof, but including those set out in Schedule 'A' to the said agreement, be carried into effect with the reorganized or rearranged Company or the purchaser

under such sale or any assignee of such purchaser, and that such reorganization, rearrangement or sale shall be deemed a basis satisfactory to the Government as required in Clause 3 of the said agreement."

That answers that point. In other words—

MR. DREW: Q. What answers the point?

A. The point which you have just raised.

MR. DREW: It has no relation to it.

THE CHAIRMAN: Oh, surely, you should be fair in your statements.

WITNESS: I think, Colonel, that you said that the Order-in-Council was to enable a sale.

THE CHAIRMAN: Read the last question of Colonel Drew before the Minister read from the Order-in-Council.

(The official reporter read the question asked for, as follows: "Then surely it gets back to it that the effect of the Order-in-Council of March 9th, 1939, was to facilitate their foreclosure proceedings?")

MR. DREW: That does not answer my question at all.

HONOURABLE MR. NIXON: I submit that that statement is utterly unfair.

MR. DREW: The Order-in-Council was accompanied by a statement by the Minister, and I am now referring to the telegram of September 18th, 1939, sent out at the request of Mr. Heenan, in which he says, "In view of changed world conditions the Government has come to the conclusion that it would be inadvisable to offer these properties for sale at the present time. Therefore the Government will cancel the Order-in-Council dated March 9th, 1939." And therefore I ask him if he did not indicate that they thought that that action should not be taken?

A. Certainly.

Q. It means then that he was recommending that the Order-in-Council should be cancelled, because the effect of the Order-in-Council was to facilitate the sale?

THE CHAIRMAN: It is perfectly evident from the terms of the Order-in-Council which Mr. Heenan has said contemplated reorganization or rearrangement or sale.

MR. DREW: Q. Mr. Heenan, will you please explain to us, since there seems to be so much conversation about what your real purpose was—will you please explain to us exactly what you had in mind in regard to foreclosure at the time the Order-in-Council of March 9th, 1939, was passed—did you think it would have any effect on the foreclosure proceedings?

A. The Order-in-Council, Colonel, provides for three ways, reorganization, rearrangement, or sale. When they fell down on the reorganization, or a mutual arrangement amongst themselves, and the court ruled against them, later they chose the procedure of a sale. And then, when the war broke out, I did not think it was fair that they should sell the property—

Q. It was a sale by foreclosure, wasn't it?

A. Yes.

Q. So that it was a sale by foreclosure which you had in mind at the time the Order-in-Council of March 9th, 1939, was passed—is not that right?

MR. ELLIOTT: That is a matter of law as to the interpretation of the Order-in-Council.

The Prime Minister was quoted in the Windsor Star. I do not see any purpose of using reports of proceedings when the actual words speak for themselves, and it need not be laboured further.

MR. DREW: May I point out that Mr. Heenan himself was just explaining that there were three different ways by which they could proceed. It was a case of hanging your clothes on a hickory limb, but don't go near the water.

MR. ELLIOTT: You are asking him to give an interpretation on the matter of law as to the Order-in-Council.

WITNESS: I wonder if I might explain in my own way what I understood? The reorganization, in other words that the people interested in the Abitibi Company would reorganize amongst themselves or rearrange it amongst themselves, or, failing that, sell, if they chose to sell.

They do not do either of the first two, neither reorganized or rearranged their affairs. But they chose to sell. Whether that would be by foreclosure or otherwise, they were going to the court asking permission of the court for the bondholders to sell.

I did not think it was fair, under the changed conditions, that the sale should take place. And consequently we took the only action that I think the Government had the right to take, to tell them that we did not approve of the latter, that is the disposal of the properties by sale, shutting out all the other investors at a time when matters looked well for the other investors; and that at a time when their earnings were not paying depreciation, let along interest to the bondholders. And at that time we sent the telegram to the Bondholders' Committee telling them not to sell owing to the changed world conditions.

Q. I want to try and get this clearly. As I understand what you have said now, it is, in a nutshell, this, that having regard to changed world conditions, you did not think the bondholders should be able to go ahead and foreclose or sell this property? Have we had sufficient pause for interruptions? That is correct, is it?

A. Yes.

Q. Then we have the last sentence in the telegram to Mr. Symington: "Therefore the Government will cancel the Order-in-Council dated March 9th, 1939." What did you mean by that?

A. By Mr. Symington's attitude at that time, I understood he was going ahead with the sale, no matter what the position of the government would be; and I thought we should tell him that if he did go ahead he would not have any timber to go ahead with, and all he would have would be his buildings.

Q. I should think that would be fairly effective, at least. I would say that the Government was taking a fairly effective interest in this reorganization, at that time?

A. Except that we came to the conclusion that, due to the war conditions, we ought not to permit—you recall that at that time there was a great deal of controversy about regulating this or regulating that, regulating the cost of living, regulating by moratorium, and so on, and so on; and I thought that they ought not to be allowed, at that time, to go through with the foreclosing of the mortgage.

MR. ELLIOTT: Why?

A. Because the prospects looked good—

MR. DREW: Let me warn you, Mr. Heenan, not to give any legal interpretations, or you might offend my learned friends.

A. I do not use legal terms.

You say, Why? Because, if you look into the financial structure of the Abitibi Company, you will see, when they raised certain millions of dollars of moneys by preferred stock, and so on, that they showed in their prospectus how the newsprint industry was going up, increasing from year to year; consequently saying to the public, You do not need have any fear of your money by putting it in there, because the industry is increasing year by year by leaps and bounds. And when the company earned this much this year, with so many thousand tons, your money is safe.

Now, that is what I would read by that prospectus. In that way they raised a good many millions of dollars—I think some $36,000,000.00.

MR. DREW: Q. By which prospectus?

A. The prospectus put out by the Abitibi Company when they were seeking money from the public.

Q. Oh, yes.

A. Now, then, having said that, and the earnings were such, because of various things which I do not want to go into, because it was a financial situation

—but, having said that to the public and having got their money, and not having earned sufficient to pay the interest on the bonds afterwards, therefore the preferred shareholders and common shareholders were out.

Now, there was an opportunity, or at least we thought there was an opportunity by the increased business and increased prices that we thought might prevail, that the preferred shareholders and the common shareholders might have an opportunity for some return for the money that they had put in.

MR. ELLIOTT: Q. By the increased value of their equities?

A. Yes. I still think that if I had to do it over again I would do the same thing, because this was not the proper time for anyone to foreclose their mortgage, having regard to the history of the company.

Q. Has there been any increased demand for pulpwood since the commencement of the war?

A. Newsprint, yes.

MR. DREW: Q. And did you receive any reply from Mr. Symington to that telegram?

A. My understanding of it was, Colonel, that he either telephoned or came up and saw the Premier, and promised he would withdraw from the court.

MR. COOPER: Q. There have not been any more court proceedings, anyway?

A. He did not come to see me. I do not think he liked me any more.

MR. DREW: Q. The Order-in-Council which was referred to in that telegram has not been cancelled?

A. No, we did not cancel it because we did not feel that there was any necessity to cancel it, when he agreed not to go through the court to foreclose or sell. Because we still are in hopes, or I am in hopes that so long as there is an assurance of the timber there, that these investors will get together and make an agreement which will be satisfactory. Because if we had cancelled the Order-in-Council, as we said we would, I would have had to put another Order-in-Council there, because nobody would invest any money up there without an Order-in-Council.

Q. Was there any other telegram?

A. No, that was the only one, because it was the bondholders who were going into court.

Q. Do not answer until you are clear, because I do not want any suggestion that I am unfair or that you have not had any opportunity to answer. You say that is the only telegram that was sent?

A. That is the only one that I know of.

Q. And in your opinion that is the only one that was sent?

A. It is the only one that I know of.

Q. And you say it was the only one which needed to be sent?

A. Yes.

Q. And it is not fair to say that that was the only group that was affected?

THE CHAIRMAN: No, because the witness has already said that these were the only people who were threatening to go into court.

HONOURABLE MR. NIXON: You are not objecting to any reorganization, even to-day?

A. No, I am hoping for it. If I had been consulted in regard to this discussion, I would have recommended that we do not go on with it, because I understand, even now, they are going on with their discussions. I do not know whether these discussions here would have any good or bad effect upon any negotiations.

MR. DREW: Q. I would hope that it would have an extremely good effect, because personally I am very definitely of the opinion that it would be a good thing for the Province if this company could be put into the most effective operations possible. I have said that from the very beginning, and you will remember that at the time this Order-in-Council was announced on March 9th, last year, I said I believed that the company should be able to go ahead and work out their own affairs without any club being held against the shareholders. If there is any other interpretation, I wish you would give us it. You suggested sending a telegram on September 18th to one man alone, Mr. Symington, the Chairman of the Bondholders' Protective Committee, pointing out that you considered a sale inadvisable, together with the words, "Therefore the Government will cancel the Order-in-Council dated March 9th, 1939." I am greeted with a chorus of no, no. I suggest it is reasonable, because the telegram of September 18th makes it quite clear that it was in your mind or in the mind of whoever drafted that telegram, that the Order-in-Council of March 9th was to facilitate foreclosure proceedings, and therefore you thought it should now be cancelled. Is there any other interpretation to that telegram?

A. Oh, yes.

THE CHAIRMAN: You do not suggest that there was any fire here?

MR. DREW: Yes, a very active fire, and the ashes have been cleared away.

WITNESS: It was the bondholders who were contemplating entering the court, and consequently the telegram was sent to the bondholders.

Q. You say no one else was interested?

A. No one else but the bondholders were contemplating going to court.

Q. Were any representations made to you, as a matter of record, which led to the sending of this telegram?

A. No, I told you before, Colonel, that we had the various parties before me in my office, and then subsequently at another place with the members of the Cabinet present—I think the Premier was away—to hear the two sides to this issue, the Bondholders' Committee and the Honourable Howard Ferguson and Mr. Bradshaw; and they could not and did not agree. And it was because of the result of that, and because the bondholders were still insisting, having regard to the fact that they had about $80,000,000.00 or somewhere there, that they were going into the court to sell it. You see they put $50,000,000.00 in it first, and by the non-payment of interest it was built up to somewhere around $80,000,000.00. And, at all events, they said it was sufficient so that there was no interest in anybody else, and they were going to foreclose on the mortgage.

I did not want to see them do it in that way, having regard to the times in which we were living. I figured that men who had put $36,000,000.00 in it should have an opportunity of realizing some equity, if there was anything in it.

THE CHAIRMAN: Q. Mr. Heenan, might I put it in this way, that the Order-in-Council was passed on the 9th March, 1939, and it gave an equal opportunity to any one to reorganize or rearrange the company or to sell the assets with the approval of the court?

A. That is right.

Q. The Bondholders' Committee at that time, to whom you sent that telegram, were the only ones who had begun proceedings through the courts to effect a sale?

A. Yes.

Q. And they were the only people to whom you sent that telegram, because they were the only people who at that time could have taken advantage of this Order-in-Council?

A. Yes, the only people that were taking action.

MR. DREW: Q. Prior to that time, the other security holders had tried to take advantage of the courts, but at that time the only proceedings that were open to them were the proceedings under that bond mortgage?

A. Yes, that is right.

Q. And that was foreclosure proceedings?

A. I have not read the bond mortgage, but I take it that the bond mortgage gave them the right to foreclose.

Q. In other words, they were the only ones who were really able to avail themselves of the Order-in-Council of March 9th, 1939, were they not?

A. Oh, no.

MR. ELLIOTT: They might be able to rearrange or reorganize.

HONOURABLE MR. NIXON: In other words, they had been trying to reorganize?

A. Mr. Nixon, there were so many plans suggested, but I said, work it out among yourselves.

MR. DREW: Q. What other plans were submitted?

A. Mr. Bradshaw and Mr. Howard Ferguson were up. I do not know whether they left me a copy of their suggestions. The only plan I have seen on that file would be the Bradshaw plan, and I have it here; but I have not read it.

THE CHAIRMAN: Which plan is that?

A. The Bradshaw—known as the Bradshaw plan.

MR. ELLIOTT: Q. That proposed a reorganization for the junior shareholders?

A. Yes, and Mr. Bradshaw and Mr. Ferguson stated, and I believe them, that they had authority from the junior security holders to act for them; and this is the plan that they proposed as a compromise. And it was during that time when the discussions were on that the bondholders undertook to go to court to ask permission to sell.

Q. That is after the Bradshaw plan was submitted to the bondholders and no arrangements were made?

A. I do not know whether the plans were submitted then or not. The discussions had been taking place then.

MR. DREW: Q. Well then, Mr. Heenan, you have nothing that you care to add to the reasons for sending that telegram of March 18th?

A. No. It was just a matter that we didn't think it was an appropriate time for them to sell the property and we so stated in that telegram.

THE DEPUTY MINISTER: I say in that respect merely as a matter of record since you raise the point that I for one earnestly hope that there will be some solution of this problem because I think it is highly desirable.

WITNESS: So do I.

Q. But having regard to what has happened here and looking to the future I would just ask you this, not having particular regard to the Abitibi proposition but to the whole general picture, where it is necessary to take any steps that will be based upon the powers exercised by the Department, might it not be desirable to set up some form of tribunal with some such powers as the Railway Board or something of that kind, limited to the efforts of the Department, under which there would be an open discussion of the rights of conflicting interests

before any decision was made by the Department which would affect the rights of anyone?

A. Well, Colonel, I see what you mean, and there might be some merit in it, but I think the courts of the country are the proper place to settle these differences with regard to their investments; I don't think we should set up some body or board to take the place of the courts.

Q. Oh, I am most emphatic in that, but what I said was, in cases where the Department would be exercising its authority, I am not referring to the legal rights of different shareholders under existing laws; I personally believe very strongly that they should go to the courts to have those rights determined and I think we should get back to that basis rather than having bureaucratic control; but I am referring to such cases as there may be necessary exercise of authority by the Department and that authority should possibly affect different interests, would it not be advisable to have some tribunal where there would be a public discussion of it so that no question could arise as to whether one particular group or another had received unduly favourable consideration?

A. Well, I can not see how it would work out, Colonel. There is a tribunal now. There is the Cabinet of the Province wherein they might discuss openly and freely their rights under any agreement with the Crown, and that is about as far as I think that we should go; if they have any claim with respect to investments I still think they should go to the court; I don't see any good a board set up for that purpose would do. They have got to go to the Government finally anyway. If there is any change in an agreement, any change in the timber requirements or anything of that character, they can go to the Minister first and if they don't agree with him can appeal to the Cabinet.

Q. I am only referring now to a general proposition and not to this particular case, because I think the Abitibi case will have to be settled before anything is done, but what I am getting at is this: If such wide powers are to be exercised as are conferred on the Department by the Forest Reserves Regulation Act would it not be desirable to have those powers exercised under some clearly defined rules and under some tribunal, whether it is a branch of the Department or otherwise, where the conflicting interests of parties could be publicly discussed?

A. Well, I am glad that you mention that, Colonel, because I believe that you are a little mixed on this situation. The Forest Reserves Regulation Act has got nothing to do with this Abitibi affair whatever, there has no action been taken in connection with this reorganization of the Abitibi under that Act.

Q. Mr. Heenan, neither you nor I need be innocent about the fact that the purpose of The Forest Reserves Regulation Act was the exercising of control over all the operating companies which would bring them to time under the situation that you explained in the evidence yesterday. Isn't that so?

A. Yes, but I want to make it clear that The Forest Reserves Regulation Act has not been used nor has it been contemplated being used in connection with the reorganization of the Abitibi.

MR. COOPER: Q. Isn't it true that there are what you call Crown timber

regulations passed by Order that you are obliged to follow under the Crown Timber Act?

A. There is no Act that I know on the Statute books of this Province that has for its purpose the regulation of anything of a similar character with regard to the financial set-up of any one company.

Q. No, no, I am not asking you that, but there are Crown timber regulations which you are governed by in dealing with timber?

A. Yes. For instance, the Abitibi have nine different agreements, nine different licenses or concessions for the various mills; about four of them have expired by the time limit of twenty-one years.

Q. No, but Colonel Drew asked you—

A. Yes, I want to answer your question, Mr. Cooper, if you don't mind: They have expired. Well, now when they can be renewed for a further period of twenty-one years at such prices and conditions as should apply in the discretion of the Minister.

Well, take this one particular company, the Abitibi Company, that you are speaking of here. Certainly I don't think the company will deny that there are many provisions of the old agreement which they have never lived up to and therefore the Minister or the Government if it wanted to whip or discipline or do anything to one of these companies could almost put them out of existence by taking advantage of some little provision that during the course of business it has been shown that they were never lived up to, so that in that regard the Minister or the Government of the day have just as much power without that Forest Reserves Regulation Act as they have with it, together with the paragraph that you read yesterday where the Minister's judgment and interpretation is final and decisive.

Q. What I want to make clear, Mr. Heenan, on the record, is this: Colonel Drew asked you a few minutes ago was there no rule laid down to regulate Departments dealing with Crown timber? Now there are the Crown timber regulations under the Crown Timber Act, is that not so?

A. Yes. Under which this company got their—

Q. As passed by an Order-in-Council?

A. That is right.

MR. DREW: Q. But you don't suggest, Mr. Heenan, do you, that that limits your power under The Forest Reserves Regulation Act? Do you?

A. No.

Q. In other words, what you have just explained now is that all these other Acts—I say it in quite a proper way—give you the power of life or death over those companies?

A. That is right.

Q. In other words, I referred to The Forest Reserves Regulation Act as a pistol at the heads of the companies, but it is not a pistol, it is a whole arsenal?

A. I would like to elaborate on that point if you don't mind; it all depends on how you look at it, if you would go about this in a business way or whether you wanted to be critical of the manner in which it is done. I said yesterday that there was a certain one of my colleagues who introduced a bill declaring those certain agreements were null and void and unenforcible; there were certain other people criticized that. I remember the gentleman whose place you took said that the proper way to do all these things was to call these companies in and have a round table conference and arrive at something that would be mutually satisfactory rather than doing it the way it was done. That is what I did, and I don't see how he could be wrong and I could be wrong at the same time, one of us must be right. I took just the opposite view, I called these chaps in, and I would be surprised if you could put any one of them on the stand here who would say that he is not satisfied with the way that the timber has been re-allocated.

Q. So would I be. I would be extremely surprised because of the power you have over them under existing legislation?

A. Oh, no. Oh, no.

Q. Yes, I would, Now, Mr. Heenan, just to close this particular phase of the matter up, you have yourself gone through the file of documents that have been returned in connection with the Abitibi matter?

A. No sir, I haven't.

Q. You just read through them?

A. I just read the memo showing what was on the file, I haven't read it since that letter that was on the file.

Q. You haven't?

A. No. I mean I haven't read a single file since that was tabled.

Q. Don't you know what is in the file?

A. No, only except for the letters herein from the Attorney-General and the Hydro Commission—that is the index of what was on that file. I haven't read through this file since you had it tabled.

Q. Well, Mr. Heenan, are there any further memoranda or documents since the last one on that file, which is dated March 31st, 1939—are there any further memoranda or documents that would throw any light on the Abitibi proceedings?

A. This is the file.

THE DEPUTY MINISTER: You will have to look at the file to find out whether there are.

WITNESS: The only thing I can think of is this (indicating).

Q. What is that, Mr. Heenan?

A. That was the Bradshaw plan.

Q. That was a later one, was it?

A. Well, Colonel, I remember looking at it yesterday, it hasn't any date on it, but it was handed to me by Mr. Bradshaw and Mr. Alexander.

Q. I just want to explain this clearly, because if there is any further material I would suggest that—

MR. COOPER: You mean subsequent material, Colonel?

A. I find this is September 21st, 1939, subsequent to the making up of that. This is the only one that I can think of but there may be others, Colonel.

Q. Just so that we will understand exactly what I have in mind, as I explained before I don't think it is the purpose of this Committee to pass on the merits of the plan, I don't think it is the purpose of this Committee to pass on the effectiveness of the operation of this company—this is an operating company —we are not enquiring as to the methods of financing or anything of that kind, but the discussion in regard to the Abitibi particularly refers to the wisdom of the administrative course in passing the Order-in-Council, announcing it in the way it was and then subsequently stating in the House that a relegram had been sent that this Order-in-Council would be rescinded for a certain reason, and as far as I am concerned I don't intend to pursue the question in regard to the Abitibi matter any further at this point. What I have in mind is this, I was directing my questions to information which the Department had at the time that it took a step that in my opinion, no matter what the opinion of the other members of the Committee may be, was obviously designed to facilitate a certain plan, and I suggest that the words of the Prime Minister make that clear. I also have directed my questions towards the information on file in support of a telegram of September 18 which announced that the Order-in-Council of March 9 would be cancelled. Now you or anyone else present is free to introduce questions on any other aspect of this, but so far as I am concerned in regard to the operations of the Abitibi, I don't intend to pursue that any further; my hope is that this company gets into sound methods of operating in the normal way as soon as possible; I am dealing with the administrative aspect alone. What I do suggest is that you check over the files since March 31st, 1939, and if there are any memoranda or documents on file which would throw any light on the reasons for the sending of the telegram of September 18th that you produce them when we meet tomorrow?

A. I feel reasonably sure there is nothing on there relating to it. That will probably be the telegram. It is only my own decision in the matter that that was not the proper time to foreclose the mortgage and I represented so to

the Prime Minister and he sent that telegram, and I read that telegram on the floor of the House for the same purpose as the Prime Minister announced the passing of the Order-in-Council of the 9th March, so that if anybody started to gamble they would know what they were gambling on, that was the only reason for announcing that even on the floor of the House.

MR. ELLIOTT: Q. Mr. Heenan, to clear up one point: You stated there were Crown timber regulations passed by Order-in-Council under the Crown Timber Act. Just so the public will understand, will you tell us how long those Crown timber regulations have been in existence?

A. Pardon me?

Q. Will you tell us how long those Crown timber regulations governing the sale of Crown timber have been in existence?

A. I feel that I am under oath, you know, and I may be out two or three years here and there; I don't know how long it has been in existence.

THE CHAIRMAN: Will Mr. Cain give the information?

THE DEPUTY MINISTER: Since the Act was passed.

MR. ELLIOTT: And when was that?

THE DEPUTY MINISTER: I suppose probably seventy-five or eighty years ago.

MR. ELLIOTT: For many years anyway.

THE DEPUTY MINISTER: I am also still under oath and I can't tell you exactly the year.

MR. ELLIOTT: But for many many years.

THE DEPUTY MINISTER: Oh, absolutely—continuously.

THE CHAIRMAN: As long as you have been in the Department.

THE DEPUTY MINISTER: Oh, yes.

THE CHAIRMAN: Or prior to that.

THE DEPUTY MINISTER: Oh, yes.

MR. SPENCE: And he is on his thirty-seventh year.

MR. DREW: Q. Just before we adjourn it might be well to put it on record now, Mr. Heenan; in the evidence yesterday you spoke of two Orders-in-Council which had been passed under the provisions of the Forest Reserves Regulation Act. Have you those Orders-in-Council here?

A. I didn't bring them over with me, Colonel, because I felt that either you didn't give me time or I didn't give the full explanation of them. The Orders-in-Council were passed for the purpose of disciplining the companies.

Q. Yes.

A. They agreed later to act in accordance with the rules and regulations laid down, that is the rules within the industry prorating their tonnage, consequently we subsequently repealed those Orders-in-Council, and having said it yesterday I was asked to bring those Orders-in-Council here to-day. I don't know any good purpose that would be served, in fact I don't believe it would be in the public interest that they should be made a matter of public record; I am thinking now of people outside of this country, how it would affect us outside the country, not how it would affect us inside the country, and what you might do is this, have a subcommittee or some day when we are in committee here lay these Orders-in-Council before you and then decide whether it would be in the public interest or not to publish them.

MR. COOPER: Q. They have since been rescinded, have they not?

A. They have been rescinded, yes. I would suggest, Colonel, that there may be many of a description like this—I can not think of any just now other than this one—but it might not be in the public interest to make a full disclosure of actions taken, but that would be a matter for the Committee and I would be prepared to leave that for a subcommittee, or to the Chairman and yourself, or the Committee as a whole, and then if you decided that it should be made public why it would be all right with me, they are there ready.

MR. DREW: Q. Of course it is impossible for me to guess what the effect of these is without seeing them, but one thing that I might make quite clear as to a general opinion I have: I am not approaching this with preconceived opinions as to what recommendations I propose to make or suggest that the Committee should make at the end, but on one thing I have very strong views, and that is this, that bureaucratic control has gone too far, not in this Department alone but in all Departments, and that we must get back to the basis of the people having clearly defined legal rights and exercising those rights before the courts, and I do feel that it goes very directly to the purpose of this Committee to determine whether or not the things that are being done by the Department are an excessive use of bureaucratic authority or not, and I am not suggesting that that is so in this case, but it is quite possible.

A. No, I can assure you it is not so but I want to satisfy you on that point.

Q. What I mean is, I hesitate to say that we should not discuss anything publicly here, because we are trying to lay down some basis for future policy, and I for one would have very strong feelings in regard to Orders-in-Council which were passed for the express purpose of enforcing certain conduct, and that there was behind those Orders-in-Council some other purpose than that which appeared in the Orders-in-Council passed. Now I can only take the suggestion in this case that these Orders-in-Council were for disciplinary purposes. Is that correct?

A. Yes.

Q. And that when the companies obeyed the Departmental instructions they were rescinded?

A. That is right.

Q. Now such powers as that might be exercised in an extremely dangerous way; I am not suggesting they were, but I have no way of expressing an opinion?

A. I agree it might be a dangerous way although I assure you that I will be able to convince you that in this particular instance it was not. In fact, if my advice is asked in connection with the recommendation of the Committee the powers will be much more strong than we have at the present time with regard to that particular time in the matter of proration.

Q. My desire is to lay down some sound policy for the future and in achieving that purpose I have no desire to do something that will unnecessarily embarrass operating companies or unnecessarily embarrass this Province in relation to people outside of the Province. What I would suggest is that when we meet to-morrow you bring the Orders-in-Council here and that the Chairman and I examine them and if there is some apparent reason why they should not be discussed publicly I would be prepared to concede that and we could deal with the principle without necessarily dealing with the points?

A. That is all right with me.

MR. COOPER: Mr. Chairman, before we adjourn, if Col. Drew would indicate what he wants to go ahead with tomorrow, I may have a few questions on this Abitibi affair and I may not, but if he is going on to something else—

THE CHAIRMAN: You are through with Mr. Heenan?

MR. DREW: Yes, but as far as this witness is concerned I will have to proceed to-morrow with questions in regard to the Lake Sulphite and, while there is no possibility that my questions to-morrow will even begin to exhaust my enquiry into the Lake Sulphite matter, if it should happen that I finish my questions to Mr. Heenan to-morrow in connection with the Lake Sulphite I will deal next with the Pulpwood Supply Company, so that you could have that file brought up.

THE CHAIRMAN: Before we adjourn we will file as Exhibit No. 13 sessional paper No. 46 of the session of 1939, and if Mr. Heenan finds any other documents or papers subsequent to the 31st March, 1939, then they will be filed as Exhibit 13A.

MR. DREW: Yes.

EXHIBIT No. 13: Filed by Chairman: Sessional paper No. 46, session of 1939.

(At 1 P.M. Wednesday, January 24th, 1940, the Committee adjourned until Thursday, January 25th, 1940, at 10.30 A.M.)

EIGHTH SITTING

Parliament Buildings,
Toronto, Thursday, January 25th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Oliver, Spence, Welsh.

THE CHAIRMAN: Are you ready? Will the Committee come to order? All right, Colonel Drew.

MR. COOPER: I think, Mr. Chairman, Mr. Drew asked last night if there was any other memorandum, and I think the Minister this morning has some documents he wishes to put on file.

THE CHAIRMAN: That will be Exhibit 13-A.

HON. PETER HEENAN: Recalled.

Letters or documents on the reorganization file of the Abitibi since the return to the House, that might be taken as steps taken by interests before the telegram dated 18th September, 1939:

1. A letter dated July 12th, 1939, T. Bradshaw to Symington.
2. July 14th, 1939, Secretary of Symington to T. Bradshaw.
3. August 11th, 1939, Symington to Bradshaw.
4. August 17th, 1939, Bradshaw to Symington.
5. August 25th, 1939, Bradshaw to Symington, enclosing copy of letter addressed to Howard Ferguson and Bradshaw.
6. August 30th, 1939, Symington to Thomas Bradshaw.
7. September 2nd, 1939, long letter in reply to Symington's letter to Bradshaw.
8. September 11th, 1939, Symington to Minister
9. September 16th, 1939, letter Minister, Peter Heenan, to H. J. Symington, suggesting an amicable settlement.

That all leads up to the telegram of the Prime Minister on the 18th day of September.

Is it the wish of the Committee that I shall read these letters? I think it would be well.

THE CHAIRMAN: Do you want to read them?

A. Yes, I take it for granted that it is the wish of the Committee that we should read these letters.

THE CHAIRMAN: Do you mean the letters you have just mentioned?

A. Yes, that was just an index of the letters which I have here. I take it for granted that you want me to read them.

MR. DREW: Q. The answer to the question which I asked, to which Mr. Cooper has just referred, was if there were any letters which showed any reasons for the telegram of the 18th?

A. Just a slight correction there, Colonel Drew, I think it was anything leading up to the telegram of the Prime Minister.

Q. Yes. If you think it would be wise to read them, they could be read or they could be put in as an exhibit.

HON. MR. NIXON: These are very long letters in connection with the discussion between Symington and Bradshaw, and I do not see that it is necessary for the Committee that Mr. Heenan should read all these.

A. The effect of them, Colonel, is this,—it is a long time since I have seen them, too,—the effect of them was that there was an effort being made continually to get the various interests together to settle the thing in an amicable way, to settle their differences, rather than having a long fight through the courts and delaying the time when the company would come out of receivership. And, finally, when there did not seem to be any getting together, and the war broke, then the telegram from the Prime Minister stopping the sale. That is the effect of this correspondence.

It is immaterial to me, as I do not want to spend the time reading them, if the Committee does not want it.

MR. DREW: I cannot guess whether it is material or not. I think the simplest way would be to put these in as an exhibit, and then I will have an opportunity of examining it, and if I or any other member of the Committee wishes, we may ask questions concerning them.

HON. MR. NIXON: I do not think one could read them inside an hour.

MR. COOPER: There are one or two things which I think should be incorporated, to show the whole picture.

Q. Mr. Heenan, what area did the Abitibi Company comprise under concessions from the Crown?

A. If I get your question right, I wonder if this answers it: There are nine timber concessions in all.

Q. I do not want to know the locations of them, but what is the total mileage covered by the concessions?

A. 23,436 square miles.

Q. Apart from that they have certain properties that they have acquired from privately owned interests, over which the Crown has no control, is not that so?

A. Yes. They have an agreement with the Algoma Railway Company. I am speaking now from memory, but I am fairly certain that it is seventy townships of land that the Algoma Central Railway Company at one time got by an Act of Legislature here.

Q. I think you have told us, Mr. Heenan, that the Crown did have some control over these by way of fire protection, is that right?

A. I think Mr. Cain told you that. We do, yes.

Q. Is the company charged for this fire protection?

A. It was.

Q. Does the Government charge the Abitibi for the fire protection?

A. Yes, they pay the fire protection.

Q. And has it been paid?

A. Yes.

Q. Now, can you give us any idea of the direct revenues, approximately, that the Crown receives annually from the Abitibi Company?

A. I do not think I have it here, but I can say around $400,000.00 a year.

Q. Has that all been paid up to date?

A. Yes, the Abitibi does not owe anything.

Q. There are no arrears?

A. There are no arrears.

MR. COOPER: All right, that is all I want to put on the record.

MR. DREW: Now, Mr. Heenan, as I said yesterday, I will proceed this morning with certain questions in connection with the Lake Sulphite Company Limited and, before I do so, I just want to get on record quite clearly on two points. Already I have seen some suggestion that the questions in regard to the Abitibi Company were limited in some way because of immediate considerations of possible reorganization, and so on. Now I want to make it quite emphatic that, so far as I am concerned, I have asked every question that I feel I have every reason to ask in regard to the Abitibi Company, which is an operating company.

I have ascertained to my own satisfaction, at any rate, that there was no adequate evidence upon which the Order-in-Council was originally passed or the subsequent telegram sent. That was the aspect with which I was concerned in connection with the Abitibi, because, it being an operating company and the shareholders having rights which they can exercise in connection with that com-

pany, I explained to the Committee that I did not think it was the function of this Committee to exercise rights which cannot be properly exercised in some other form.

I do that because the Abitibi and the Lake Sulphite enquiry should be based on entirely different considerations; because, in the case of the Lake Sulphite Pulp Company Limited, we have, it seems to me, a case which we should examine with the greatest of care; to examine, in the first place, the extent to which the Department should exercise its very wide authority in regard to the formation of any company of this kind, and in the second place, the extent to which the Department obtains adequate information before taking steps which have in their effect the implied approval of the proposition which is going to ask for large sums of public money.

For that reason I do think it is extremely important that we should get the whole picture of the creation of the Lake Sulphite Pulp Company Limited from the beginning, so that we may carefully examine the effect not only of departmental intervention in cases of this kind, but also the wisdom of exercising the wide powers conferred by the Forest Resources Regulation Act, in a case of this kind; because it will be remembered that a substantial part of the cutting areas occupied by the Lake Sulphite Pulp Company Limited were taken from other companies.

THE CHAIRMAN: Have been taken, I believe.

MR. DREW: Had been or were. At any rate, at one time had been under the control of other companies.

I want to make it quite clear that I am not prejudging motives, but merely to make sure that that is the fact. In fact that was clearly set out in the Order-in-Council, that of the area granted to the Lake Sulphite Pulp Company Limited, 1,861 square miles were former parts of other concessions to other companies.

So that it seems to me that the birth of the company itself and what subsequently happened, is something that we should examine into, having regard to what measure of control should be exercised in the future, and what system should be adopted in dealing with concessions of this kind.

Mr. Heenan,—

WITNESS: Before you ask me another question, Colonel, I am not going to take exceptions to any statements that you make, but I understand you to say there that in regard to the files, in your mind there is a question whether there was anything which justified the passing of the Order-in-Council in connection with the Abitibi?

Q. Quite.

A. I cannot allow that to go without giving my personal opinion, and my personal opinion is that there never was a more complete file or justification for anything, that I ever knew in the public service of Canada, than for the passing of that Order-in-Council.

Q. If that is so, Mr. Heenan, then I would be rather shocked by the absence of information on public files of the Department, because for two days I tried to get from you any memorandum which would be a basis for the order as passed. In spite of the fact that you have read extensively from agreements and memoranda, I have yet to see a single scratch of a pen which was a reason for the passing of the order.

A. I would suggest that we go through the file again, because I can find lots of scratches.

Q. When we closed yesterday, I suggested that if there was anything further it should be brought up, and I repeat that suggestion, and I believe it would be wise to do that on another occasion when it could be all brought in together.

I am not in any way ignoring the fact that in the recommendation of the Order-in-Council there is set forth a review of the early agreements and its expiration, and the desirability of granting a further extension; but my view is that the Order-in-Council and telegram related, obviously, to a certain plan or plans.

THE CHAIRMAN: Oh, no, I cannot let that go, Colonel. The telegram referred to a plan, but the agreement did not. It mentioned reorganization, rearrangement or sale.

MR. DREW: Q. The two cannot be divorced because, so far as the public is concerned, the Order-in-Council was announced as part of a typewritten statement which was handed to the press and the Minister; and in that typewritten statement, which was incorporated in the Order-in-Council, there was a reference to the Bondholders' Committee plan, which is generally known as the Ripley plan. I am not offering an opinion, but I say that in my opinion there is not a scratch of a pen which gives a reason for the passing of that Order-in-Council.

A. Did you tell me the other day that the Prime Minister handed you a copy of the typewritten statement that was made?

Q. It was a typewritten copy which was handed around to the press, and I am not sure where I got it—I may have got it from the press.

A. Only recently, you yourself, and rightly so, have had to correct statements in the newspapers; and I think got an apology for it.

Q. And the reason I did was because I was watching what was being said in the papers; and what I said was that it did not represent the report which I had handed out to the papers, it was the invention of the reporter himself. You will find in this case that a typewritten statement was handed out to the press, and if you refer to it you will find that the press quotes it in detail.

THE CHAIRMAN: We have been over all that yesterday; and we might proceed.

MR. DREW: Q. Now, Mr. Heenan, I refer to the Lake Sulphite Pulp Company, Limited, which, I think, for the purpose of convenience, we can refer to in our questions and answers as the Lake Sulphite Company. And you will recall that there was an agreement dated the 3rd day of March, 1937, between the Lake Sulphite Pulp Company, Limited, and His Majesty the King, represented by the Honourable the Minister of the Department of Lands and Forests, in which the usual provisions were made in regard to cutting rights, and giving those rights over certain areas, which constituted the cutting areas of the Lake Sulphite Company. Now, that agreement, of course, followed various negotiations which led up to the signing of that important agreement. In that agreement we find that part of the cutting areas are concessions which were formerly part of the concessions of other companies; and in that case the powers exercised under The Forest Resources Regulation Act had been brought into effect. Then other areas were areas granted in the usual way. So that we may start at the beginning, would you explain in your own way, and in narrative form, from the beginning the actual steps that led up to this agreement?

THE CHAIRMAN: Where is that section of the agreement, Colonel, that shows that these lands had been part of previous concessions?

MR. DREW: The Order-in-Council refers to that.

THE CHAIRMAN: That is in the Order-in-Council. I was thinking of the agreement.

MR. DREW: It is the Order-in-Council which shows what were parts of other concessions.

MR. COOPER: Q. Just to keep it straight, these limits, I understand, were turned back to the Crown by consent?

A. I think probably in the course of my narrative, as the Colonel calls it, I will bring that in.

Prior to and after the passing of this Forest Resources Regulation Act, there were many conferences with the holders of these concessions, out of which I gleaned this, that these companies, being in receivership, the receivers could not agree with anybody, even with the Crown, to give anything whatever that then belonged to the Company, notwithstanding that they did agree that they held too much territory.

After the passing of the Act and under that Act, still with an agreement that they would prefer to give it up, they could go to the courts and say that according to the Act, and with the consent of the Minister, they wanted to give up so and so; and they agreed to give it up.

Now the great proportion of the Lake Sulphite Company's holdings are timber that was released before the agreement was entered into, by the Great Lakes Paper Company, under the signature of Mr. Charles Carlisle, who was then president.

So that we did not take anything from the Great Lakes. By mutual arrangement they gave it up.

I explained the other day how it came about that they had so much territory. In 1917, an area known as the Black Sturgeon limit was disposed of for the purpose of building a 150-ton mill.

THE CHAIRMAN: Pardon me, Mr. Heenan, where is the Black Sturgeon limit, East or West of the Pic River?

A. West, No. 6 on that map. (Referring to a map hanging on the wall.)

Q. That is the Black Sturgeon?

A. That is the Black Sturgeon. The Pic concession, which is marked 4 on that map, was disposed of two or three months later, for the purpose of building a 150-ton pulp mill.

Later, those two concessions were put together for the purpose of one mill, instead of two. Then No. 5 on that map, the Long Lac area, comprising about 3,400 square miles, I would call it, was disposed of for the building of another 100- or 150-ton mill.

Then later an arrangement was made that those three areas, six, four and five, should satisfy one mill, which should be established at Fort William, to be known as the Great Lakes Paper Company.

MR. COOPER: Q. Just a moment. Where was the mill located?

A. Located?

Q. Where was the new mill to be located?

A. Each of those carried the same provision, that they would be located on or in the vicinity of the limits, or at some point within the discretion of the Minister. That is to say, the Minister approves of the site.

So that those three limits were disposed of for three mills, finally merged into one.

Without going into what I think about the economics of that whole situation or how it came about, Mr. Carlisle wrote to me—Mr. Carlisle wrote to me, when the arrangements were made, thanking the Government for their co-operation, and giving up Pic River, No. 4 on the map there, the Long Lac, No. 5 on the map, and Magoggin; so that there was no question about taking away from some company and giving to another.

THE CHAIRMAN: Q. Mr. Heenan, can you tell us the date on which these different limits were handed back to the Crown? I do not want to interrupt the examination. We can get that information later.

A. It was January 20th. I looked it up last night but I do not seem to have it here. January 20th, anyway; two or three months before this agreement was made with the Lake Sulphite Company.

THE CHAIRMAN: All right. Go ahead, Mr. Heenan.

WITNESS: I would like to be assured that we have got that date right.

THE CHAIRMAN: Mr. Cain will look it up for you.

WITNESS: Now then, Mr. Sweezy, who was engaged by the Great Lakes Paper Company under Mr. Carlisle—I take it for granted he engaged him as an expert or specialist in timber areas—came to us and said that he had been urged by the people at the head of the Lakes to try to establish a mill around the head of the lakes; there was quite a discussion at various times with respect to where he would get the timber, what he would manufacture, where he would get the markets, whether it was a paying proposition, and so on and so forth, and he convinced me that he had men, and finally the capital, men of very high financial standing in this country, all Canadians, that were prepared to put up the money to build a mill. Finally the law firm of Smith, Rae, Greer & Cartwright wrote us on January 22nd, 1937, saying that they had been retained for a syndicate that contemplated building a mill, and while the note is not on here I take it for granted making formal application for timber.

MR. DREW: Q. Is that letter the first formal record of this matter?

A. I believe it is, Colonel. It is the very first word.

Q. Well then I think, that being the case, it might be wise probably to read that letter into the record now.

A. This is dated January 22nd, 1937, addressed to the Hon. Peter Heenan, Minister of Lands and Forests, Parliament Buildings, Toronto:

"Dear Sir: We have been retained by a syndicate who desire to establish a bleached sulphite mill in the District of Nipigon. Our clients propose to build a mill having a daily capacity of 200 tons at a cost of approximately $5,000,000. Our clients also believe that this mill would be increased so as to double the capacity in the near future. We are prepared to disclose the identity of our clients to you whenever you desire . We will be glad to discuss the question of timber requirements and a site for the mill as soon as convenient to you and we are hopeful that these may be obtained at a reasonably low price so as to justify the investment in this undertaking. Yours truly, 'Smith, Rae, Greer & Cartwright, per Bethune L. Smith'."

The next was a letter, January 25th, 1937, R. O. Sweezy to Bethune Smith, with ideas regarding building of a plant. This letter is accompanied by a map.

MR. COOPER: Q. Did I understand you to say the letter was from R. O. Sweezy to Bethune Smith?

A. Yes, to Bethune Smith, and handed in to me.

MR. COOPER: Oh, I see.

WITNESS (Reads letter):

"Bethune Smith, Esq., Messrs. Smith, Rae, Greer & Cartwright, 371

Bay Street, Toronto, Canada. Dear Mr. Smith: Further to our application for the allocation of timber areas to build a bleached sulphite mill in the Lake Superior district, I am sending you herewith a map with four areas defined, three of which I consider of paramount importance towards assuring the building of the sulphite mill already referred to. These areas comprise: (1) The Little Pic River of 600 square miles . . ." (is there someone here who can pronounce these Indian names?); (2) Aquasabon (sometimes referred to as the Black River), with an area of 300 square miles;

THE CHAIRMAN: Q. Could we call it the Black River?

A. Well there are two Black Rivers in that same vicinity so I think you had better have me spell it for you.

Q. No, but, Mr. Heenan, isn't there a Black River near the Pic River?

A. Yes.

Q. Is that the one?

A. No.

Q. That is the Black Sturgeon?

A. No, the Black River is down at "(8)." That is Aquasabon that you are pointing at now; the Black River is closer to No. (1) there. You see there are two Black Rivers there but I see on the map it is "Aquasabon River." I think it is also marked "Black Steel", it must have been a twin, it has got two names. (Continues reading letter):

" . . . (sometimes referred to as the Black River) with an area of 300 square miles; (3) a portion of the Long Lac area adjoining the Aquasabon with an area of 400 square miles. These three areas I estimate will contain about 4,000,000 cords of pulpwood which is hardly enough for a mill requiring 125,000 annually. This is particularly so when they have in mind the possible doubling of the capacity of the proposed mill. It would therefore seem necessary to secure an area at the north of Lake Nipigon for future needs of manufacturing enlargement. The area of the Little Pic is contained within what was formerly known as the Pic Limit that was taken away from the Great Lakes Paper Company . . ."

(He says it was taken away. Don't forget this is Mr. Sweezy's letter, not mine). (Continues reading):

". . . and so far as I know is now being used by pulpwood operators on year to year license for export to the United States."

MR. DREW: Which is that on the map, just as we go along?

WITNESS: No. 4. For explanation, Colonel, that map was the original map; the changes that we are now discussing took place on the other map. (Continues reading):

"In this respect it occurs to me that such operations for export could be moved to the Big Pic River to the east, and also to the Black River still further east."

(that is the other Black River on the border of No. 1 there that he speaks about this time).

"As regards the Aquasabon, this river is contained within the area formerly known as the Nipigon Limit owned by the Provincial Paper Mills, but I understand that the area is being considered as one upon which pulpwood may be cut for export. It is down this river that the reversed waters of the Long Lac could be directed thereby opening up some four hundred square miles of Long Lac area as suitable for driving to Lake Superior. You will find on the map attached hereto the three areas in colours and also an area north of Lake Nipigon which may be applied for with a view to protecting the proposed mill for future expansion. It is possible that the Little Pic River may, apart from pulpwood exporters, be operated by the former owners of the Central Paper Limited west of Fort William. I should point out that the Central Paper Limit referred to has been transferred to the Great Lakes Paper Company for which the Department of Lands and Forests have undertaken to compensate the owners by giving them wood suitable for export. I should also point out, however, that the area surrendered to Great Lakes Paper Company contains only about 300,000 to 350,000 acres of pulpwood; hence the application for the exchange should not comprise such an area as the Little Pic. It is my understanding that there are several small rivers, including the Jackpine, the Cypress, the Gravel, etc., that flow through the limits formerly owned by the Provincial Paper Mills. These I understand are being operated by pulpwood exporters. It occurred to me that therefore the reallocation of these areas, for which I presume there is no long term commitment, could well be considered as offering facilities for substitution for people who have short-term rights to cut for export. I have made a careful study of the map and find that it is impossible without infringing upon already established paper companies to carve out any other areas than those which I have referred to and which are designated in colours on the attached map. The importance of establishing a high grade sulphite mill in the Nipigon district is one which no doubt can be readily understood by the Department of Lands and Forests, but people investing such a large sum as six million dollars in this enterprise are of course anxious to be properly assured of ample areas before doing so. Among some of the possibilities there may be made available a report of the limits owned by the International Paper Company lying east of the Nipigon River. As this area is rather limited and not easy of access except for a small portion of it I do not see that any substantial mill could base its future upon such area although as an addition to what I have already indicated above it would be an assurance for expansion in the near future. To acquire all or any part of this area from the International Paper Company seems impossible as their ideas of value are out of keeping with present-day conditions, nor would our people be prepared to disburse moneys in timber area in view of the heavy expenditures involved in the building of such a mill as we have in mind. Will you therefore kindly present this map to the Honourable the Minister of Lands and Forests with the request that something be done towards advancing this project as quickly as possible. Yours very truly, 'R. O. Sweezy'."

And with that is the map.

MR. DREW: Q. Well, then what happened following the receipt of that letter?

A. Memo January 26th, 1937, by F. J. Sharpe, "Given cordage on various areas covered by Sweezy letter and other:"

"Memo to Hon. Peter Heenan, Minister of Lands and Forests." (This is from Frank Sharpe, a forester in the Department.) "This morning you handed me a letter from R. O. Sweezy of Montreal which was addressed to Bethune Smith of Toronto. In essence this letter is an application for a quantity of pulpwood sufficient to operate a mill requiring 125,000 cords annually. The letter refers to four areas that apparently interest the applicant. In regard to this area No. 1, the Little Pic watershed, this watershed is estimated to contain 912,000 cords of spruce and balsam, some 205,000 cords of jackpine. I would point out in connection with the Little Pic watershed that the Department has on file an application from the Pigeon River Timber Company, per E. E. Johnson, to have this area set aside so that the Pigeon River Timber Company could plan for a ten-year operation. (2) Black or Aquasabon River." (That is the same river we were talking about before.) "The Department has no estimate of the timber in this watershed. It constitutes the easterly portion of the concession under least to the Provincial Paper Company and which the company desire to retain for their own supplies. Area No. 3, Long Lac—within the watershed of Long Lac Lake: There is estimated to be 950,000 cords of spruce and balsam pulpwood. This, however, has been definitely set apart by agreement between the Department and the Pulpwood Supply Company. Area No. 4, Onaman and Ombabica watersheds and portion of the north shore of Lake Nipigon: The three areas carry approximately three million cords. That portion within the Onaman and the Ombabica drainage carries 2,200,000 cords of spruce and balsam pulpwood. This area as laid down includes the area definitely set aside for the Abitibi Company Thunder Bay mill and is understood to be already covered by an agreement. To review, all the possible areas from which a supply of pulpwood might be secured are dealt with as follows: If it is considered that the Pigeon Timber Company is not established on the Little Pic watershed, this watershed combined with area No. 5, being the Prairie and Steel River watershed, would yield an estimated cordage of 1,534,000 cords of spruce and balsam. In regard to No. 6, which lies partly within the Nipigon Corporation limits and partly within the Provincial Paper Company's limits, it is estimated to yield 550,000 cords. It must be borne in mind in connection with area No. 6 that there is a commitment on the part of the Department to furnish pulpwood from this area to both the Hammermill Paper Company and to the Consolidated Water Power and Paper Company. Area No. 7, Townships of Booth, Purdom and Ledger, the total estimate of these townships, which include the pulpwood of abandoned Veteran Lots, is 445,000 cords. Area No. 8, Nipigon River west of Orient Bay: This tract is within the Nipigon Corporation limits and the only operator is Charles W. Cox Limited, who is given the right to cut pulpwood on what is known as Gash Creek. The estimated cordage for this tract is 210,000 cords. Area No. 9, north shore of Lake Nipigon between the lake and the

railway, there is estimated to be 808,000 cords. This quantity could be increased somewhat by including what pulpwood there may be lying north of the railway. Areas No. 10 and 11: These areas back from the north-western corner of Lake Nipigon and are estimated to carry, No. 10, 905,000 cords, No. 11, 750,000 cords. Area No. 12 . . ."

I will have to call on my assistant again.

THE DEPUTY MINISTER: Poshkokagan.

WITNESS: (Continues reading):

"This drainage is partly within the Black Sturgeon limit and was under lease to the Provincial Paper Company. You remarked this morning that you believed the Provincial Paper Company were willing to give up this area. However, in the event of them doing so it is understood that it is to the advantage of the Abitibi-Fort William concession. This drainage is estimated to carry 450,000 cords. SUMMARY: The combined estimate of the watersheds of the Little Pic, Prairie and Steel rivers is 1,534,000 cords of spruce and balsam plus 200,000 cords of pine; area No. 6, 550,000 cords; areas Nos. 7 and 8, 655,000 cords; area No. 9, 808,000 cords; area No. 10, 950,000 cords; area No. 11, 750,000 cords, or a total of 5,477,000 cords."

The next is a letter—

MR. DREW: Q. Just before we pass from that, Mr. Heenan, there is just one point at the moment I would like to refer to: I understand that in the latter part of the memorandum it says, "You indicated this morning that Provincial Paper Company would be prepared to give up its concession"?

A. Yes

Q. Well, that evidently referred to a conversation between Mr. Sharpe and yourself. I gather from that that you had indicated that the Provincial Paper Company would be prepared to give up this concession?

A. Yes. Mr. Duncan, the president, and Mr. Ponsford, his manager, were down in connection with that. As I have already related, the Order-in-Council in regard to export gave the Minister authority to deal with concessionaires to permit the exporters to go in on their concession to cut for export and naturally that we had been discussing where they would be willing that these exporters should go in; that is, go in on the Steel River, on the Prairie River or the Cypress River, and so and so, and they agreed that they would give this corner that you are speaking of here to the Crown altogether for anything we wanted to do with it. You see No. 8 there on the map?

Q. Yes.

A. The corner I am now speaking about that you are asking about is practically speaking from this point here all except that point (indicating), they wanted that point in case of emergency for their mill, to run out. They told us we could do anything we liked with that point. That is what Mr. Sharpe was referring to there.

MR. SPENCE: The forester, Mr. Sharpe, is in the corner there and you might have him up there to indicate these things.

Q. What had led to this discussion with the Provincial Paper Company about their giving up that area?

A. Just a general discussion. Up here were three or four rivers, Pine, Jackpine, Cypress, Jackfish and so on, and we were asking them if they would agree with us that these operators might go in on these particular rivers to cut for export, and they asked us to confine them to that portion which I have just shown on the west end of No. 8 on the map and finally they said we might take it if we wanted to take it for any purpose we liked but they didn't want the pulpwood operators to go in on the rest of (8) east of that point, but we might take it for any purpose we wanted to; that is to say, we might take it altogether or leave it there for exporters to cut.

Q. Well, did any correspondence precede that visit?

A. I don't think so, Colonel.

Q. Then what was the next step?

A. That was January 26th, that last one. On January 30th memo by Minister to Deputy Minister reciting desire to get under way at early date. I guess I was leaving the office or something, I wrote the Deputy a memo—

> "W. C. Cain, Deputy Minister of Lands and Forests: You will recall that Mr. Bethune Smith of the firm of Smith, Rae, Greer & Cartwright wrote under date of January 22nd, to the effect that he was representing one who is interested in building a two hundred ton bleached sulphite mill somewhere in the Thunder Bay District, said mill to cost approximately $5,000,000 at the beginning and to be extended later when conditions warrant it and asking that a pulpwood area be allotted to provide the raw material for the requirements. I have had several discussions with Mr. Smith and Mr. R. O. Sweezy and I have given them all the information in this office in respect to the areas already taken back from the pulp concessions and other areas which the Abitibi have signified their willingness to give up in the Nipigon watershed and I have said to these gentlemen that they should inspect several blocks with a view of ascertaining whether it will meet their requirements. Mr. Sweezy is leaving with his manager within the next few days and is going to fly over the areas and obtain all the information he can on the ground, after which he will consult with us. Mr. Sweezy also informed me that he had already his engineers engaged in making plans for his mills, so that I am hoping that we will be able to get under way at an early date to establish a new industry. 'Peter Heenen'."

I note I wrote on here, "Some of the operators we discussed were on old Pic Limit west of the Big Pic River."

Then there was on February 17th, Mr. Cain's summing up of the matter:

> "Memorandum for the Honourable Peter Heenan, Minister of Lands

and Forests. Re R. O. Sweezy's desire to establish sulphite mill. Hereto attached please fine map of the District of Thunder Bay on which have been tinted certain areas in pursuance of your request that have been suggested in connection with the tentative proposition of R. O. Sweezy relative to the establishment of a sulphite plant at the head of the lakes. You will observe that the square mileage covered by these various parcels numbered A1, A2, A3, B1, B2, C1, C2, D, E, F, and G, total 3,010 square miles, the total cordage thereon being 5,700,000 cords of spruce and balsam. The areas tinted in yellow are comprised within the pulp concessions hitherto granted but which have been under the reallocation negotiations excluded from such concessions and are open for disposition by the Crown save and except the two following parcels: A2, which I feel is within the Long Lac area granted to the Pulpwood Supply Company under the general description contained in that agreement although the wood upon such area is obviously beyond the height of land in the Long Lac Area and is contiguous to and within the watershed of the Star River; B2 contains 110 square miles and lies within the Nipigon corporation limits, the final realignment of which has not definitely been determined. You will observe that the green areas are in the Crown. After discussing the matter with Mr. Sharpe it is our considered opinion having regard to the points of view expressed by Mr. Sweezy that for the time being only sufficient cordage should be set aside to meet the requirements of a 200-ton sulphite mill and that only areas comprising sufficient cordage should be included in any agreement. A 200-ton mill running three hundred days a year would require, we feel, not more than 350 cords of wood a day or 105,000 cords a year, and for twenty-one years, the lifetime of the agreement, that would mean 2,200,000 cords. If the following areas were to be taken as the basis of the agreement: that is, A1, A2, A3, B1, B2, and C2 at the upper end of Lake Nipigon there would be a cordage of 2,700,000 cords of spruce and balsam or 500,000 more cords than would be required for a 200-ton mill for twenty-one years, and that without regard to any natural increment in growth. Now since Sweezy's proposition suggests the possibility of increasing the capacity of the mill to a four hundred ton one it would seem advisable to provide in the agreement that if after a reasonable period of time, no longer than two or three years, the original 200-ton unit was increased to his ultimate 400-ton unit, certain areas should be held in reserve and such areas would be made up of E, F, and G." (I will point that out a little later, that is right up on the north portion of Lake Nipigon) ". . . which together comprise 1,800,000 cords of spruce and balsam and this along with the other cordage would meet the requirements of a 400-ton mill for a like period. One of the areas above mentioned, C1, on the east short of Lake Nipigon, comprises a particularly fine type of white spruce much of which according to our information would probably be more economically handled and converted into products other than sulphite or paper, such as lumber, boom timber and mining timber such as stalling, etc. Please note that the areas marked 'D' comprise the Townships of Booth, Purdom and Ledger and, having regard for the circumstances in respect of these townships, their past history, their geographical location, the cordage involved and the outstanding need in our opinion that certain areas should be held in reserve by the Crown for for sale and disposition of small jobbers, we feel that these townships should not be included in any concession granted to this or any other company. The areas should be blocked out in parcels and disposed of under reasonable

terms and conditions by public competition to those who are prepared to tender and to cut in accordance with the conditions. If this be not done you are practically divorcing from the jobbers who have been in business in that section for some years the opportunities that have been theirs in the past of buying from the Crown and of developing small areas and finding their market with local consumers. It is most reasonable to suppose that the sulphite plant when once erected will purchase material for their needs from settlers, jobbers, etc., as well as get it from their own limits. If the Department is consistent in its desire to be assured of a minimum to be taken each year from these limits this provision in the agreement will be be made on the basis that will leave a way open for the mill interests to buy from outside jobbers, dealers, etc. These features are worthy of consideration. If the areas designated shall be incorporated in any agreement it must be borne in mind that certain jobbers or operators now on the areas under temporary concession will be excluded fron continuing said operations. These jobbers are as follows: On B1, Thomas Falls, Jackfish Creek; Oscar Stiff, Jackpine River; C. A. Gardner, Cypress River; on A1, C. W. Cox Limited, Steel River; Pigeon Timber Company, per E. E. Johnson, on the Little Pic."

There is really nothing more except comment and that kind of thing, it is pretty dry reading. Unless you want me to continue with the whole there is nothing more of any importance in the whole document.

MR. DREW: Q. In that one read?

A. Yes. It is giving the history and records on the various rivers.

Q. Yes. I will be examining that; if anything arises I can ask you further on that particular thing. At the moment I am not interrupting the sequence of your own story.

A. The last paragraph briefly sums it up I believe:

"Briefly, the idea is to provide the minimum unit with ample cordage and in the agreement stipulates that certain areas will be held in reserve for a given period of time to encourage the expansion of the unit and that if after such period the conditions have not been met the areas held in reserve should be open to the Crown for disposition."

February 25th, from Deputy Minister to Minister, saying he had looked over draft agreement and had made certain suggestions regarding same:

"February 25th, 1937: Memorandum for Hon. Peter Heenan, Minister of Lands and Forests: I have looked over the draft agreement you let me have to-day regarding the proposed sulphite mill construction on the north shore of Lake Superior in which R. O. Sweezy and his associates are interested. There are certain suggestions I have made to Mr. Draper with regard to amending a few clauses and he will do that to-morrow. I would strongly recommend that the same conditions that were proposed and incorporated in the new Abitibi Company set-up obtain in the Sweezy agreement with regard to large size spruce and balsam."

THE CHAIRMAN: Q. Mr. Heenan, I believe there are quite a number of these documents to be read into the record. Would you rather have Mr. Cain read them?

A. Well, I don't know.

THE CHAIRMAN: I mean you can always stay there and be subject to any questions.

THE DEPUTY MINISTER: I will read it if you like.

MR. DREW: It is quite satisfactory to me because at the moment I have asked Mr. Heenan to give the sequence leading up to this, I am not attempting at the moment to examine except to clarify any points.

WITNESS: I was just going to explain that such recommendation is practically answering a question that you asked I believe the first day, Colonel, did we reserve the right to let the lumbermen and others go into these large areas for the purpose of cutting, for sawmilling and other operations? I was just going to comment on that, but that is all right.

MR. DREW: Yes.

THE DEPUTY MINISTER: Shall I start at the beginning?

THE CHAIRMAN: Yes. Mr. Heenan is still giving evidence but you are simply reading for him:

THE DEPUTY MINISTER:

"I have looked over the draft agreement you let me have to-day regarding the proposed sulphite mill construction on the north short of Lake Superior in which R. O. Sweezy and his associates are interested. There are certain suggestions I have made to Mr. Draper with regard to amending a few clauses and he will do that to-morrow. I would strongly recommend that the same conditions that were proposed and incorporated in the new Abitibi Company set-up obtain in the Sweezy agreement with regard to large size spruce and balsam. Having regard for the experience that we have had and the constant criticism urged against former Governments in connection with this feature it would be advisable to make provision whereby the Crown shall be able to, if and when necessary, sell or dispose of the large size spruce too in order that it may be converted into products other than pulpwood. Provision is made for the jackpine but spruce should likewise be included and the Minister be the determining factor as to what portion of spruce can be deemed to be within the category of material that should be converted into products other than pulpwood.

"Re price on the various areas: The prices I observe are those that were in the original contracts and that have been either fixed by public competition heretofore or under a new arrangement made with regard to the wood on Lake Nipigon. The prices that were suggested to the Abitibi Company are those that are included in the new agreement. In respect

of prices I feel I should direct your attention as follows: Area No. 3. This area consists of both Purdom and Ledger. You will recall those areas were offered for sale in the latter part of 1929 and dealt with in 1930; the conditions called for the construction of a sawmill and the manufacture of all the material taken from the townships into a finished product in Ontario. There were four tenders taken as follows:

	Spruce	Balsam	Poplar
Nipigon Corporation Limited	$2.51	$2.51	$0.70 bid
Nipigon Lumber Company	$4.06	$3.81	$2.50
D. A. Clark	$4.85	$4.85	$4.50
Great Lakes Paper Company	$5.05	$4.25	$2.65

These bids were all on a cordage basis. The suggested prices for the pulpwood on these townships in the Sweezy agreement are $2.24 both for spruce and balsam, the same prices that the Provincial Paper Limited pay on their areas. You recall going over the matter in my presence with Mr. Sweezy, the question of the price on these townships did not at all arise because I felt that they should not be included in this agreement but that they should be retained for small jobbers and allotted to them under some system of public competition. The large prices in the tenders, none of which tenders was accepted at the time, might have the basis of some severe criticism against the prices that are suggested, namely $2.24, even though this is the largest price obtaining on Lake Superior.

"Area No. 5: This area is a portion of the old Long Lac section lying west of the westerly height of land which area is traversed by the railway, a portion being on either side. That is to be used for rail haul wood. I think the prices obtaining on this piece should be the same as obtained on the original Long Lac concession, bonus 49 cents for spruce and 38 cents for balsam, in addition to Crown dues. 'W. C. Cain, Deputy Minister'."

WITNESS: The next is the recommendation to Council with the agreement attached, February 26th.

THE DEPUTY MINISTER: Shall I read that, the recommendation to Council, Mr. Chairman?

MR. DREW: That is the direct recommendation to His Honour the Lieutenant-Governor in Council?

THE DEPUTY MINISTER: Yes, that is the direct recommendation to His Honour the Lieutenant-Governor in Council.

MR. DREW: If you wish to read it in. I think it is important in this regard, I think perhaps it might as well be read in, yes.

The Deputy Minister reads:

"Recommendation to His Honour the Lieutenant-Governor in Council: Re Lake Sulphite Company Limited. The undersigned has had under consideration the application of Lake Sulphite Pulp Company Limited for

the acquisition of certain cutting areas in the Province of Ontario. The aforesaid company which has been newly incorporated is desirous of entering the bleached sulphite pulp market and brings with it a sufficiency of capital to insure the full realization of its project. The company and its associates have convinced the undersigned that they are possessed of the full scientific skill and knowledge which will enable them to complete the installation of the most modern type of plant to most efficiently handle the raw material and to manufacture it into a product which is steadily increasing in value and which has a present market value in excess of $65 a ton. After many months of negotiation and investigation the undersigned has tentatively arrived at an understanding with the principals involved in this application and a draft agreement has been prepared and is attached hereto. The more important features of this agreement are as follows: (a) The company will commence the expenditure of $5,000,000 on or before the 1st day of June, 1937, and by the 1st day of June, 1938, undertakes to have completed the installation of a bleached sulphite pulp mill having a minimum capacity of 200 tons per diem; (b) The Crown grants to the company the right to cut spruce and balsam pulpwood (and poplar, birch and jackpine, if needed in its business) from areas in the district of Thunder Bay which aggregate 1,981 square miles. These areas comprise a portion of the former Pic concession, a portion of the former Long Lac concession, a portion of the former Long Lac concession, a portion of the Provincial Paper Mills Limited Nipigon concession, the Townships of Booth, Purdom and Ledger and a portion of the Thunder Bay Paper Company Limited concession. (c) It is further provided in the agreement that in the event that the company extends its paper mill to a total minimum tonnage of 400 tons per day before the 1st day of June, 1940, the Government will give it further cutting rights on an area lying to the north of the present Fort William Paper Company's concession having an area of 365 square miles. (d) The prices payable on the foregoing areas are for the most part the same prices that have been set in former years by public competition during the era of high newsprint prices and as have been payable by the former concessionaires, with the exception that the areas fronting on Lake Nipigon will bear the same prices as will be payable by the Abitibi Company after its reorganization. The Townships of Booth, Purdom and Ledger have been made subject to the payment of the same dues as are now applicable on the Nipigon Concession of the Provincial Paper Company Limited, namely, a total for spruce and balsam of each $2.24 per cord. (e) The company agrees to afford employment for a minimum of 800 men for ten months in the year in its mill and woods above the height. Having regard to the fact that the consummation of the draft agreement attached hereto means the acquisition by Ontario of a new, large and profitable enterprise, the undersigned respectfully recommends as follows: (1) That the areas mentioned as comprising portions of certain pulp concessions hitherto granted which under agreement with the holders thereof have now been abandoned be withdrawn from such pulp concessions under and by virtue of The Forest Reserves Regulation Act of 1936; (2) that he be authorized under the said mentioned Act and the Crown Timber Act to execute a formal agreement identical in terms with the aforesaid draft. 'Minister of Lands and Forests, Toronto, February 26th, 1937'."

THE DEPUTY MINISTER: Do you wish the agreement read?

MR. DREW: I don't think that is necessary.

THE CHAIRMAN: Oh, no.

THE DEPUTY MINISTER: It is already in the report.

THE CHAIRMAN: Yes.

WITNESS: Order-in-Council February 27th, 1937, approving of the agreement.

THE DEPUTY MINISTER: Shall I read that?

THE CHAIRMAN: Oh, well no, it is the same thing as the recommendation, is it?

THE DEPUTY MINISTER: Quite.

WITNESS: The recommendation to the Council was on the 26th, that was my recommendation, and then the Council approved of it on the 27th.

THE CHAIRMAN: On the 27th.

WITNESS: So that it is the same thing.

Well, that takes in up to the agreement, Colonel; there are other letters on file subsequently asking for more timber to build a newsprint mill, and so on, which we didn't approve of; having regard to the mutual arrangement we made with Quebec that there were too many newsprint mills in the country at the present time, we didn't think that we should embark on another newsprint mill. I mean the letters were all subsequent to the agreement.

MR. DREW: Well this is just to obviate the necessity of reading any unnecessary documents into the record that I would enquire could there be some arrangement whereby some clerk in the Department could come to my office or I could go there, one or the other, and examine this file before we meet again?

WITNESS: Colonel, let me help you out, if I can suggest something.

MR. DREW: Yes.

WITNESS: It would take quite a lot of labour to copy that and this is an original file; I would suggest that any member of the Committee come over and sit down (it is an original file and I don't like to leave it here) and look it all through at any time of the day or night.

MR. DREW: We won't do it at night.

WITNESS: I will even come down at night with you.

THE DEPUTY MINISTER: Come down and keep us company occasionally.

MR. DREW: I think that would clarify it, because really it would seem to me this is where we have come to the point the agreement is actually approved by Order-in-Council and, having regard to the offer now being made by the Minister, I will avail myself of that offer and either I or someone whom I will name will go over and examine the subsequent correspondence.

THE CHAIRMAN: Q. The letter from Mr. Sweezy to Mr. Smith enumerated certain areas that the company wanted to have for its operations. Are they substantially the same areas that were granted?

A. No, they are not.

Q. Those names are rather hard to remember and I wondered if there were any substantial difference?

A. No, we didn't grant the same concessions that Mr. Sweezy applied for. Rather, we carved out this less about a thousand square miles than he asked for. Does that answer your question, Mr. Chairman?

THE CHAIRMAN: Yes.

MR. DREW: Less about a thousand square miles?

WITNESS: Less about a thousand square miles. And we held an area in reserve. You will observe that the Deputy Minister, in reading that, advised me to not grant for twenty-one years areas large enough on the predication that there would be an extension, rather to hold them in reserve for two or three years, which we did, we held them in reserve for two or three years, he paying the fire protection charges in the meantime.

THR CHAIRMAN: Mr. Heenan, then the areas numbered 4, 5, and 6 on that map represent the areas that were to be granted to the Lake Sulphite, or required?

WITNESS: There is only a portion of it granted to him that probably drains towards his mill. That is the Long Lac one.

THE CHAIRMAN: Q. May I put it this way, Mr. Heenan: Is there any way of showing to the Committee on either of these maps what is the area actually granted to the Lake Sulphite?

A. That was the original map and this is the amended map which takes in what we granted to Mr. Sweezy.

MR. F. SHARPE: No. 18 indicates the Lake Sulphite, numbered 1 to 7—

WITNESS: The old Ledger.

MR. F. SHARPE: The No. 18 on this map indicates the Lake Sulphite holdings and they have been numbered 18-1, 18-2, and so on, up to 18-7, 18-1 being the watershed of Little Pick-Steel River, 18-2 that portion of the old Provincial Paper Company Limited south of the Nipigon Corporation area, No. 3 being the portion Townships of Booth, Purdom and Ledger, 18-4 on Lake

Nipigon here, formerly east of the Abitibi, 18-5 formerly under the Great Lakes, at the end of the old Long Lac Concession, 18-6 over to this point, which is a creek, was formerly under these two the Abitibi got in Thunder Bay, and 18-7 is the reserve area referred to.

MR. DREW: But what is the total area?

THE DEPUTY MINISTER: 1,981 square miles as against 3,010 square miles as covered by the original application.

MR. DREW: And that 1,981 square miles was the maximum ever held, was it?

THE DEPUTY MINISTER: Ever held by whom?

MR. DREW: By Lake Sulphite.

THE DEPUTY MINISTER: Oh yes, those are the only areas.

MR. DREW: No additions to that.

THE DEPUTY MINISTER: No, no.

MR. DREW: Q. Well now, Mr. Heenan, have you given us then everything of importance on the file from the day that Mr. Sweezy came to your office and outlined the proposition up to the day the Order-in-Council was passed?

A. Not only everything that we have on file, Colonel, of importance, but everything—all discussions that took place that are not on file, I have even given you that.

Q. So that you had no further information in regard to the Lake Sulphite proposition than you have now given us, no further important information than you have now given us?

A. I think probably there are letters on file, Colonel, after the consummation of the agreement dealing—

Q. I am talking now—?

A. Oh, I see your point; I didn't answer your question.

Q. I want to make that clear, I think it is important, that in this way this Order-in-Council approving the agreement is a dividing point because at that point the agreement became a fact and then a new period enters which has to do with the methods of development, promotion and so on—I don't want to be concerned with their method or anything of that kind but I do want to get it definitely that in the information you have given us regarding conversations and the letters and memoranda, have you given us every important fact that was in your possession at the time that this recommendation was made to the Cabinet for the Order-in-Council?

A. I think I have, yes.

Q. Let me read the first paragraph of the recommendation:

MR. COOPER: Q. Let me ask one question. You knew that certain interests had undertaken to put up certain amounts of money for the construction of the mill?

A. Oh, I did not regard that as evidence.

Q. You did have that information, as a matter of fact—I do not want you to disclose the names of the persons who undertook to put up certain amounts?

A. I am not overlooking the fact; but I am not sure that it is material. I do not regard it as material, anyway.

I had discussions, naturally, with Mr. Sweezy and Mr. Sadler, men who were prepared to put up their money.

Q. And told you the amount?

A. Yes.

Q. I do not want the individual names, but the total amount?

A. It was around two and a half million dollars.

MR. DREW: Q. Have you any memorandum of that?

A. I knew the men's names, but I am not sure, Colonel, that you want to make these names public.

Q. Oh, I do. I think this is an extremely important point. I do not want anything which might leave an unfair impression. Mr. Cooper has just raised that point as to further information which you had as to finances which would be available, and I think it is of considerable importance, if you have any other memorandum on that, that that should go in?

A. I have only my own memorandum of the men's names that were mentioned.

MR. DREW: I think that should be put in.

THE CHAIRMAN: The Lake Sulphite Company are not represented here this morning. Why not take it for the time being that the Minister knew that certain men were prepared to put up the necessary sum of money.

MR. COOPER: That is what I think.

MR. DREW: Let me get this point quite clear. At the moment we are dealing with something entirely different from what we were dealing with yesterday. We are dealing now with perhaps the most complete single case that we could have of a combination of departmental discretion in regard to permitting

a company to start business, departmental discretion in regard to reallocation of territories, and also departmental discretion as to the ability of the men with whom they were dealing to carry out their undertaking. That being the case, I think it is most important, having regard to the evidence, that we should understand what the facts were upon which the decisions were reached, and certainly it is still important and a very important point, as Mr. Cooper has pointed out, as to the knowledge of the Minister, as to the adequacy of the finances for this promotion, which, as we all know, collapsed so disastrously a short time afterwards. Now, I cannot personally see why the fact that the Lake Sulphite are represented here this morning or not has anything to do with the Minister's knowledge on the occasion, and I do not see how it can reflect on anybody. I think the Minister can very properly give us the information which Mr. Sweezy gave to him as to the amount which would be available for the financing of this company?

A. I have no hesitation to do it, except I know the men and I know they are big financial men in Toronto and Montreal, and it was given to me in a conversation, and I did not need even to take it down, if I had not wanted to.

The Company put $50,000.00 down to say that what they told me was the truth; and if they did not carry out that, why, that $50,000.00 went to the Government. That is all I need. In the course of a conversation, if somebody said, I am going to get Pete Heenan, Colonel Drew and Harry Nixon to put up a hundred thousand dollars apiece, I do not know that that would be material.

I would point this out, that so far as I know, this is the first endeavour of Canadians to go into an industry of this particular kind.

Q. I am afraid I must observe at this point that if this is an example, I hope it won't be repeated unless under different circumstances?

A. I hope so too. Every Canadian citizen has hoped from the beginning that these enterprises will not collapse; and yet they collapse all along the line.

Q. That is why I hope this inquiry will have some effect. It affects not only the company but the employees who have suffered severely. And, without attaching any blame at any particular point, I think it is necessary we should use it as a test case to see what happened. I think it is very important to know what knowledge you had as to the measures that this company would take for financing, and the reasons why you hoped that they would be able to carry on work on this large area?

A. It does not reflect upon them but I do not know that I should disclose the information which was given me in conversation.

Q. If it was just a matter of general conversation, surely the ability of this company to carry out its undertaking was a matter of very considerable importance—you will agree with that, won't you?

A. I did not need to have that information. You or Mr. Sweezy or anybody else comes in and says, I am prepared to get a body of men to put up $5,000.00 or $4,000,000.00, or whatever the amount may be, and I am prepared

to back up my word with $50,000,000 deposit. I did not need to say, Well, who are you? What are these fellows names? I would not have evidence enough to know whether these men, although some of them are rated at large sums of money—I would not know that they are not in bankruptcy themselves.

Q. Just to clarify that answer, do you mean to say that if any man came in to you and was prepared to deposit $50,000.00 in cash, no matter who he was, and told you he could get five million dollars, that you would go ahead and advise the execution of an agreement such as this between the Government and that man?

A. Oh, I would not say "anybody." For instance, sometimes you see timber put up for sale, as has been done previously and probably will be done again, and prices obtained; and yet the Minister refused to give it to them for good reasons too. But if you, Colonel, said you could raise five million dollars, I would not question it at all.

MR. DREW: That is flattering.

MR. COOPER: Q. Mr. Heenan, you knew the estimated cost of the mill was going to be so much money in dollars, did you not?

A. Well, generally speaking, I would not like to say I did, under oath; because, What is the cost of a mill? I mean, you agree to build a mill of $5,000,000.00—let me explain what I mean—with some engineers, they will probably make that $4,000,000.00 in place of $5,000,000.00. Some other engineers might make designs and specifications so that it would cost $6,000,000.00. I do not know, except that a unit generally costs so much.

Q. You were assured that certain moneys were going to be available?

A. Yes.

Q. And as a matter of fact they did sell 150,000 shares at a price which amounted to $5,000,000.00, didn't they?

A. I do not know that they did. You will have to examine the company on that. I do not know that they raised the money. I know that they spent somewhere in the neighbourhood of $4,000,000.00.

Q. I understand the shares actually netted $3,375,000.00, and then there were some notes for $1,250,000.00, which made up what the original estimate of the mill was—is not that so?

THE CHAIRMAN: I am sorry to interrupt, but the witness is under oath and can only say of his own personal knowledge.

MR. DREW: Q. Now, Mr. Heenan, just to pass from that for a moment, have you any memorandum as to the technical men that they were going to employ in the operation of this company, that was in your possession prior to the date of the agreement?

A. You will observe that the agreement was signed by an engineer named John Sadler. John Sadler was the Vice-President of the Company, and in the discussions, not only in my own office but in other offices, he indicated he was going to be the chief engineer. And every one knows John Sadler has built mills in Finland and in Canada, in different provinces of Canada. And he was putting in quite a large sum of money himself; I believe it was over half a million dollars that he put in himself. So that he was taking charge of the whole engineering end of it.

Q Then was your reliance, from that point of view, entirely on the fact that Mr. John Sadler was connected with it?

A. Yes, that was one of the encouraging reasons.

Q. I am not talking about the finances, but the measure of engineering skill which you were sure would be available for this operation?

A. I cannot think of anything else, unless you ask me, Colonel.

Q. Have you any memorandum in regard to that,—did they make any representations in writing as to the scientific staff which they would have for the operation of this mill?

A. I do not think there is, Colonel.

Q. Then I get back to my earlier question. You have spoken about the assurances which you were given in regard to finances. What was the information given to you as to the assurance of adequate financing?

THE CHAIRMAN: The witness has already given you one instance.

MR. DREW: I am referring to actual instances. He has told us that he was told by Mr. Sweezy that there would be adequate financing, but he has also told us that he was given certain names,—I think those names should be on the record.

A. I will tell you what I will do, Colonel. I think I will ask Mr. Sweezy if I am at liberty to give those names, which I took down myself during the discussion. I think it is not evidence by any means, but I am prepared to give that. As I recall it there were voluntary contributions of about two and a half million dollars, that is without any stock at all, at that time.

Q. I am referring, of course, Mr. Heenan, to the information which was in your possession at the time that the Order-in-Council approving of the agreement was passed. Frank.y, I cannot see why any question should be asked of Mr. Sweezy. He is not the one to determine whether the information given me was adequate or not.

Mr. Chairman, I can only ask for a ruling, and I ask that the question be answered.

THE CHAIRMAN: The purpose of your question, Colonel, is to find out whether the Minister, at the time he gave his consent, had some assurance that

there was sufficient financial means to bring the company into operation. The Minister in his answers has told you that he was convinced of that and he was given assurance that there would be two and a half million dollars; and he mentioned one gentleman who was to put in half a million dollars.

I can understand the Minister's hesitation to answer your question and give some of the information which he had been given.

MR. DREW: I will make it perfectly clear why I want this question answered. One of the very important considerations of this Committee, as I see it, is to try to make some recommendation that will lay down a method of dealing with matters of this kind, that will avoid in future, if it is humanly possible to do so, a repetition of just such things as have happened in connection with the Lake Sulphite. I am not suggesting for a moment that any official of a department can take the hand of the manager day by day and make sure the company is going into successful operation. All the Minister has told us so far is that $50,000.00 was put up in cash, and that Mr. Sweezy told him that he had assurance of two and a half million dollars from other sources; and he had indicated some reason why he does not feel that he should give the sources from which that two and a half million dollars was to come. Fifty thousand dollars, while a substantial sum of money in itself, is an insignificant sum compared to the value of the assets that at that time were being dealt with, and I think it is of the utmost importance to our consideration of some future plan, that we should know exactly the extent of the information required by the Minister before he would make a recommendation that these people should have authority to proceed with their proposal, and that agreement based upon their assurance that a $5,000,000.00 mill will be constructed, should have been made by the Minister in this case.

For that reason, if it is your ruling that the requiring of an answer be deferred, I can only ask that it should be ruled that everything asked as to that should be answered by the Minister and that we have the full information required.

HON. MR. NIXON: Well, Mr. Chairman, the two and a half million dollars was raised.

WITNESS: About two and a half million dollars. As I recall the discussion it was not that he would raise two and a half million dollars amongst these men, but these men were large contributors and were willing to throw in so much, without regard to whether it was $300,000.00. I finally found out how much each man did contribute. So, do not say two and a half million dollars, but about that.

Colonel, if I have to give you the names,—I am only loath to do it because of the fact that I do not think it is material, and that I cannot recall whether these names were mentioned to me in confidence or not; but that is an obstacle that easily could be got over.

And if I did give you the names of the men who were mentioned and who subsequently subscribed, I think you will admit that they were big, substantial business men in Canada.

Q. So that we will not be in any doubt, I suggest that these words are of the utmost importance in this whole situation. In your recommendation to the

Lieutenant-Governor in Council requesting his formal approval by Order-in-Council of this agreement, these are your words: "The aforesaid company which has been newly incorporated is desirous of entering the bleached sulphite pulp market, and brings"—not will,—"and brings with it a sufficiency of capital to ensure the full realization of its project,"—in other words, your recommendation was that this company brings with it sufficient capital to ensure the full realization of its project. Now, may I ask this question, before closing: What information did you have in your possession upon which you based the statement to the Lieutenant-Governor in Council that this company brings a sufficiency of capital to ensure the full realization of its project?

A. I see your point, now. It may be that we will have to give you the full information as to the men's names who would put up the capital; and, in addition to that, I had the $50,000.00.

Q. The $50,000.00 would not ensure the full realization of the project?

A. Yes, because if they did not raise the money, the full $50,000.00 would be forfeited to the Crown.

MR. COOPER: That was confidence money, to show good faith.

MR. SPENCE: It was intended to show their good faith.

MR. DREW: Q. "Confidence money"—that is usually referred in connection with the Con game. My question is clear, Mr. Heenan. You made a formal statement and recommendation to the Lieutenant-Governor in Council that this company brings with it sufficient capital to ensure the full realization of its project. I suggest that we pause at this point, and that when we meet again you have sufficient information to indicate what information you had at that time.

A. I want to say to you, Colonel, that I have it now, but I will not give that information unless I get a release or have the ruling of the Committee.

MR. DREW: Then supposing we adjourn at this point? I ask for a ruling of the Chair that the Minister give all the information in his possession in regard to the proposals as to the financing of this company.

THE CHAIRMAN: The ruling is deferred until the Committee meets again, which will be on Tuesday next at 10.30 in the morning.

(At 1.00 p.m. Thursday, January 25th, 1940, the Committee adjourned until Tuesday, January 30th. at 10.30 a.m.)

NINTH SITTING

Parliament Buildings,
Toronto, Tuesday, January 30th, 1940.

Present: Messers. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Walsh.

THE CHAIRMAN: The Committee will please come to order.

HONOURABLE PETER HEENAN, recalled.

THE CHAIRMAN: Q. Mr. Heenan, at the last session or sitting of the Committee, Colonel Drew asked you to give the names of certain gentlemen who were supposed to invest some money in the Lake Sulphite Company. Are you prepared to give those names this morning?

A. Yes Mr. Chairman, I can give the names.

Before I give those names, I want to reason it out with the Committee first, if you do not mind. They are a body of Canadian men who have some money and they invest in a pure Canadian undertaking, the first of its kind.

MR. DREW: Q. Did you say "pure"?

A. Yes, a pure Canadian undertaking. There are things in Canada which are pure, Colonel. They had faith in Canada, and they put their money into it; and apparently have lost, if not all, some of it anyway. And I cannot believe that it is to the best interests— I do not believe it is encouraging Canadians to put money in a house, when they lost it that their names have to be bandied through the press as men who have gambled and lost, loved and lost, if you will.

At the same time, these same men are willing to put some more money in it, as I understand it. They are trying to resurrect the whole thing, and it is not encouraging to these men to put more money into it if their names are to be disclosed, expecially when I gather it in a confidential or semi-confidential way.

Anyway, it does not matter whether I got those names or not. The Company was financed, and my understanding of it is that these men did put their money into it, maybe more or less than I was advised. So I cannot see any good that will come out of it; but if the Colonel insists that I give their names, I am prepared to give their names, notwithstanding that at the time I regarded it as confidential in the matter of conversation: Who is going to put their money into it. Mr. Sweezy and Mr. Sadler? Why, so and so are going to invest. We know that.

It may be that I would have made the agreement, even if I had not had that assurance. I might not have included in the Order-in-Council that this company brings with it a sufficiency of capital,—I might not have done that. But I was so enthusiastic over the names of the men behind it and over the outlook of the

Sulphite business at that time, that I would have gone through with the agreement anyway.

If the Colonel still insists upon his question, I will give the information.

MR. COOPER: Q. Do you know of any other project in which the names had to be made public, Mr. Heenan?

A. I have never know any case, Mr. Cooper, since my public life, where the names of the men who put their money into an undertaking had to be made public.

I have known the men who were at the head of the undertaking, but certainly not the names of the men who put their money into it. In fact, I have a list of the shareholders and how much they contributed, and so on, and so on,—very prominent men. Even both the railroad companies had confidence that this was a going concern, for the reason that they built the railroads into this mill; the C.P.R., I believe, built an overhead bridge. Everybody was enthusiastic about it at that time.

THE CHAIRMAN: Colonel, the witness says that if you insist upon it, he will give the names.

MR DREW: Q. Has the witness made a complete statement?

A. Yes.

Q. Then let me say I have never heard such a hopelessly evasive answer to such a question. I am not going to shadow-box any longer. I ask you what information you had which prompted you to give the assurance to the Cabinet that this company was amply financed? I want to know what information you had which led you to make the statement to the council that the company was amply financed, and I want an answer.

A. Do not take your shirt off, because you are going to get the information and perhaps more than you want. And, so far as shodow-boxing is concerned, I do not usually box with shadows.

Q. You said in your recommendations:

> "The undersigned has had under consideration the application of Lake Sulphite Pulp Company, Limited, for the acquisition of certain cutting areas in the Province of Ontario. The aforesaid company, which has been newly incorporated, is desirous of entering the bleached sulphite pulp market, and brings with it a sufficiency of capital to ensure the full realization of its project."

Q. What information did you have of a definite nature in regard to the finances available for this company when you made this recommendation to the Cabinet?

A. I want to ask you what good will it do, if I answer it?

Q. What information did you have at the time you made that extremely important recommendation to the Cabinet?

A. The information that I had at that time was that these men were all Canadians, and there was F. M. Connell, the Mining man, J. W. McConnell, of the Montreal Star, the Bromptons,—I think they are in the liquor business,—and there was a Mr. Seymour, a Montreal capitalist.

Q. That is Mr. Joseph Seymour, is it?

A. I believe it is. And there was Mr. Sadler, the Engineer who had constructed mills in various parts of Canada and Newfoundland, who was the Engineer; D. M. Hogarth; Manning; the Sweezy Company; the Hanson Brothers firm; McLeod, Young & Weir, Montreal and Toronto; and E. E. Johnson, Fort William.

Now, after having said that, I want to say again that I do not think it is good business for a doctor to go around talking about his patients' illness.

Q. Let us get away from the mystery of this—

A. There is no mystery about it.

Q. I am going to call the liquidator and get all the information about it.

A. The mystery, Colonel, I think you will appreciate it was given to me in confidence that these men were going to put their money into it. Now, for the first time in my life, I have disclosed what was given to me in confidence.

Q. I will repeat my question. Was that all the information you had on that matter in question at the time you made the recommendation to the Cabinet that this company brings with it a sufficiency of capital to ensure the realization of its project?

A. Yes, they put up their money for $2,450,000.00, and notes for $1,000,000.00.

Q. You forget that the public put up a good deal of money in it?

A. Yes, I know that the public invested very large sums in this, and if you want it, I can give it all.

Q. We will get that at the proper time from those who can swear as to the status of the company. Did you have any evidence other than Mr. Sweezy's statement that these people were going to put up the money?

A. And Mr. Sadler also,—he was there at the same time.

Q. It was this statement to you, by word of mouth, that these men were going to put up the money?

A. Yes.

Q. And so on that you made the recommendation to the Cabinet that this company brings with it a sufficiency of capital to ensure the full realization of its project?

Q. Do you think that was adequate information?

A. I do.

Q. In the face of what happened afterwards?

A. What do you mean, what happened afterwards?

Q. You know it has not been able to realize its project?

A. There was a reason for it which was not because it was short of capital.

Q. What was the reason?

A. The reason I got, which has been reported to me, is this—

THE CHAIRMAN: Just a moment. You are asking Mr. Heenan to give pure hearsay evidence, unless he has been mixed up himself in it,—hearsay evidence which might well be given by officers of the company.

MR. DREW: If it is hearsay evidence, I suggest that he does not give it.

A. I can give you what was given to me, as a member of the Cabinet.

Q. I am asking for evidence which the witness can give. I have been asking for some time what information he had when he said that the company brought sufficient capital to ensure realization of its project.

THE CHAIRMAN: And he did give you that information. The witness told you about the information he had at the time he gave the recommendation to the Governor-in-Council. I believe your next question was this: How was it then that the company did not achieve its purpose? That was another matter entirely.

WITNESS: Here is a photograph of the development with the buildings practically completed upon an area dug out of the wilderness, and a good portion of the machinery in it. And then the rest of it was a falling down of the engineer, —that is at least the excuse or explanation they gave.

Q. Does that photograph show the lodge?

A. Which lodge? The Orange Lodge or the Knights of Columbus?

Q. I do not know that I would stipulate which.

A. Well, Colonel, I do not know whether it shows the lodge or not, but it is a picture of the whole situation.

Q. You know what I refer to when I say "the lodge"?

A. I know what was in the papers.

Q. Then you were making an evasive answer?

A. You were asking a question which you should not have asked. I took it you were asking your question as flippantly as I was giving my answer.

Q. If we are approaching this thing that way, we will have plenty of troubles. Now, Mr. Heenan, let me just refer back again to your recommendation for the Order-in-Council. You refer, first of all, in your recommendation to the grants made to the Company, aggregating 1,981 square miles; and you say that "these areas comprised a portion of the former Pic concession, a portion of the former Long Lac concession, a portion of the Provincial Paper Mills, Limited, Nipigon concession, the Townships of Booth, Purdom and Ledger, and a portion of the Thunder Bay Paper Company Limited concession." Then, down in the second last paragraph of the recommendation, which forms a basis of the Order-in-Council, you said that the areas mentioned, forming a portion of the pulp concession hitherto granted, and which with the agreement of the holders thereof have been abandoned, be withdrawn from such pulp concessions, under and by virtue of the Forest Resources Regulation Act, 1936. And I ask you to produce as an exhibit the agreements referred to with the holders referred to in that paragraph?

A. Do you mean, Colonel, the agreement with respect to the abandonment of the various areas?

Q. I refer to the second last paragraph on page two of your recommendation to the Lieutenant-Governor-in-Council dated the 26th day of February, 1937, which reads as follows: That the areas mentioned as comprising portions of certain pulp concessions hitherto granted and which, under agreement with the holders thereof, have now been abandoned, be withdrawn from such pulp concessions under and by virtue of the Forest Resources Regulation Act, 1936.

I am referring particularly to the words "which, under agreement with the holders thereof have now been abandoned," and I am asking you to produce as exhibits the agreements referred to in that paragraph.

A. I am afraid, Colonel, that will be on the Great Lakes file,—a letter from Mr. Carlisle. I can produce it, though.

Q. I am not concerned with what file it was on. I am referring to the agreements.

A. It was an agreement, but it was by letter.

Q. I am referring, Mr. Heenan, only to those words in the Order-in-Council in which you say "which, under agreement with the holders thereof have now been abandoned"?

A. That was an agreement reached by letter from Mr. Carlisle, in which he gave up the Mogogami limit, the Long Lac area and Pic River area. This is what I mean.

Q. I am not concerned with the form, Mr. Heenan, but I am merely referring to your own statement that they were abandoned under agreement, and I want the agreements referred to in that recommendation.

A. I am afraid that is on the Great Lakes files.

Q. Is that here?

A. I do not think so. The Deputy will go and get it.

MR. COOPER: Mr. Chairman, I have a couple of questions I might ask while we are waiting, if you do not mind.

THE CHAIRMAN: Go ahead.

MR. COOPER: Q. Mr. Heenan, I noticed in the Toronto Star of January 27th, an article, which probably you have read, which said that enormous timber grants would blanket Southern Ontario, and there are areas set out in there; and I do not think it gives a clear meaning of what was said here: The investigation in Queen's Park yesterday as to the Timber Rights showed 23,000 square miles in Northern Ontario had been granted to the Abitibi Pulp and Paper Company. When was that granted? Did you read this article which I have referred to?

A. I saw it there, but I did like the Colonel did with my photograph but a little while ago, threw it to one side.

Q. The inference appears to be that that was granted by your administration. Is that so?

A. Oh, no. That was granted years and years ago. You see, that is what Northern Ontario is subjected to. I think they said there was an economist or a statistician took his pencil out and drew that diagram, which leaves the impression upon people not acquainted with the Northern country that this company has got an Empire. It does not give the true picture, in this way. I do not know how the question came up, but at any rate the Abitibi Paper Company have got how many square miles there?

Q. In the article it says 23,336 square miles.

A. That 23,000 square miles is allocated to six mills in Northern Ontario,—

Q. I do not want to go into all the affairs.

A. No, but I am glad you have brought it up. To say that this company's holdings reached from here to there and back and forth and goes from Windsor to some place else! The company does not own one foot of land. So that there is misrepresentation there. They have cutting rights of pulpwood from 23,000 square miles; and those 23,000 square miles have to supply six mills, Fort William, Port Arthur, Sturgeon Falls, Espanola, Sault Ste Marie and Iroquois Falls.

If you divide that area by six, you would have only about 4,000 square miles to each.

That is not the point. The politicians in the old part of the country have everlastingly talked about the large areas in Northern Ontario given to somebody. That is not the thing. They do not own a foot of land. They own the timber rights there, or the right to cut the pulpwood. It would help the country if they had half that country and more pulpwood on it,—the more there would be for them to use.

I just dealt with that article in the usual way, put it in the waste basket. To answer your question, that timber was allocated under former governments.

THE CHAIRMAN: Q. And I understand, Mr. Heenan, that some of that timber was allocated to other companies, which were independent companies and which were subsequently taken over by the Abitibi?

A. Yes, some of the Spanish River.

MR. COOPER: Q. Some of these holdings were allocated to men by a round table conference, to the Lake Sulphite?

A. Yes.

Q. It was not by public tender?

A. No.

Q. Is that unusual, Mr. Heenan?

A. No, it has been the practice in some instances for quite a number of years back, under former governments.

You see, by way of explanation, Mr. Cooper, and I would like this Committee to deal with it, but whether they will or not, I do not know. If a body of men comes in, that the Minister or the Government believes are able to finance an undertaking to develop an industry, the question immediately comes up with the Minister especially. Can I select sufficient timber for this man and give it to him by Order-in-Council, or will I have to put it up by public tender?

The easiest way for the Minister to do is to put it up to public tender; and then no one can say that he made some sort of a secret agreement behind closed doors. That is the most economical, the public way to do it. Then what happens? You have men who have not the slightest intention of building a mill, forming an organization and bidding on the timber, not for the purpose of developing it, but for the purpose of keeping the other fellow out who they know will develop it. That is what the Government has had to deal with before, and what they have to deal with now, and what they will have to deal with in the future, unless the Committee is willing to make a recommendation, and the Government is willing to accept it, that where men come in and are prepared to put their money down and will build a mill, give them timber at a price which will leave them an opportunity to develop it.

Q. How long does a company usually take from the time they get the timber until they build their mill and go into production?

A. Two, three, four, eight to twelve years. For instance, take the English River, the Lake of the Woods concession. I know of that one because I was on the Town Council of Kenora at about that time. The agreement with Mr. Backus was in 1914; and he did not start to build his mill until 1922. There is quite a lapse there.

Then the Spruce Falls Mill, the agreement was February 9th, 1918, and it was almost five years after the date of the agreement before the mill was completed.

THE CHAIRMAN: Q. Where is Spruce Falls,—Kapuskasing?

A. Yes, that is Kapuskasing.

MR. SPENCE: I would like to ask Mr. Heenan a question, not from a legal standpoint.

THE CHAIRMAN: Have you finished?

MR. COOPER: I would like to have that on the record.

WITNESS: Then there was an agreement in 1926 for an expansion that was completed in 1928; that is pretty quick work. The Great Lakes Paper Company agreement of May 9th, 1917, I am not going to give you the provisions, what they had to do and so on and so forth.

MR. COOPER: Q. When did they start production?

A. The pulp mill was constructed in the years 1923 and 1924 and the Paper Mill 1928 and 1929, practically eleven years. The Long Lac Agreement, that is the agreement that was made to build a mill in connection with the Long Lac Limits, agreements on August 4, 1921. Now as I explained before, the Pulp and Paper Mill in connection with the Long Lac—I haven't got this down here but I know that it was not completed until about 1924.

Q. What causes all that delay? Is there any reason for three or four years' lapse between the time they get their agreement and the time the mill is started?

A. Well, the practice is this, a man or a company has to have an agreement with the Crown to know that he can get power and timber areas before he can get it financed, that is the logical way of doing the business, you get the agreement, then you go out and get men to put their money into the project, so it takes some time; sometimes you can get more money than others; and there are plans to be prepared, there is ground to be secured for the site, railway facilities and all these things have got to be planned out before you start construction, but the chief thing is, to answer your question, to get the agreement with the Crown and then go and get people to put their money in, finance it afterward.

The Magogami agreement of September 15th, there was an agreement with the Magogami to build a mill, September 15th, 1921, and they had to spend a million dollars by June 15th, 1924. Of course there was no mill built on. Then the Kenora, to build a pulp mill, August 15th, 1922; the mill started February 23rd, 1923, and the newsprint mill which was afterwared added to it started 1924. The Nipigon

Corporation limit, they were to build a mill. They agreed with the Government on January 30th, 1926, to build a mill of 350 tons ground wood and 125 tons sulphite. Of course you all know that there was no mill built there yet. Dryden Paper Company, an agreement was made March 6th, 1907, mill constructed 1912—five years. Those are just a few examples.

Q. I don't want to put any answer in your mouth or even ask a leading question, but if there was any delay in getting power into these before the mill is operating, is that one of the reasons?

A. I didn't get that, Mr. Cooper.

Q. I mean is there any delay getting the power into these different plants or is that a development that takes place after the mill is erected?

A. Well sometimes there is power. For instance, in the Kenora affair the question was power; power was one problem. At Sioux Lookout at the present time it is power that is keeping back a ground wood mill.

MR. SPENCE: Mr. Chairman, following up the industry and the employment that is given by it, as every member of the Committee here knows, I would like to ask Mr. Heenan something. On several occasions he has explained to us it is the policy of the Department to see that the local industries that are already established there are supplied with necessary timber to develop business and to give employment; that has been the policy of the Department. I would like to ask him at the present time have you any application on hand for timber? What leads me to that question is this: I know that at the head of the Lakes that is very important at the present time in view of overseas contracts, in view of other contracts that are now standing there for which we haven't the proper facilities to compete.

Have you any applications on hand now?—because I am speaking of one industry there that is practically out of timber; that is, they will not be able to run this coming summer unless they are given timber or supplied by the Government.

WITNESS: The Colonel asked me that one day, and I think it was the opening day, and I said not that I knew of, but since that I remembered there are two companies want saw log timber.

MR. SPENCE: Q. Where are they located? At the head of the Lakes you mean?

A. The peculiar part of it is, they are both at Fort William; the Pigeon River Timber Company wants timber to supply their new saw mill, as you know that they are building there, and Mr. Prettie—pardon me, he is at Port Arthur—who has a creosoting plant at Port Arthur, he has been around quite a bit, in fact he is here yet, asking for timber within these pulp concessions to supply his mill.

Q. This is very important, I would take it, and the Department realizes the importance of keeping these wood mills going and establishing industries.

A. Well, you see there again—and I would like the Colonel to pay attention to this, because it is one of the problems you will have to deal with before this Committee rises if they are going to function properly—I have said to Mr. Prettie and I have said to Mr. Johnson of the Pigeon Timber Company that I would be prepared to put a piece of timber up for sale; Mr. Prettie is very emphatic that he doesn't want it, he cannot compete, but if I do put it up for sale for him somebody will bid a price far above and beyond what the timber is worth for the purpose of keeping him out, not for the purpose of securing the timber to utilize it, but for the purpose of blocking him from getting in, and he wants me to give it by Order-in-Council. That is what the Minister of Lands and Forests is up against. The Minister knows—I am speaking for myself—I know that if I put certain pieces of timber up for sale there will be spurious bidders in, men who really don't want the timber themselves.

Q. Commonly known as nuisance bids, aren't they?

A. Well I don't know, the practice has grown up in the north country, and I don't suppose it will be the last, where some competitor does that.

MR. COOPER: Q. What do they do with it, Mr. Minister, if they are the successful bidder?

A. Why, we award it to them; we can't do anything else, from the political standpoint.

Q. And what do they do with it? Do they operate the concession?

A. Oh no, they sell it to somebody else or they give up their deposit. They pay a thousand or two or three or four or five or ten thousand dollars as a deposit with their tender and it is there.

Q. Doesn't the agreement with the Crown compel them to operate within a certain length of time?

A. You can't make them operate; all you can do is take their deposit.

MR. W. G. NIXON: Q. There is a certain amount of speculation, and the other just "damned cussedness", keeping the other fellow out, just keeping somebody from operating, that is all.

MR. SPENCE: Q. And there are other operators there I suppose who are just as important operators up there, particularly right at the present time

A. For instance, let me give you an example: We put a piece of timber up for sale to supply a mill of some description—these are usually small saw mills, but as I regard what they are doing in other countries these saw mills are a good thing to have in our forests for they take out the timber that the large mills just neglect to take out or don't use—we put up a piece of timber, somebody comes and bids a price per thousand feet over and above the value of the timber. Now then if we don't grant it to them if he is the highest bidder there is the dickens to pay politically; you have heard that old story in the prize ring "We was robbed!" and so it is, it grows into a great big political scandal all around a certain

centre, where somebody bid so much and they gave it to somebody else. Now then after a while you will find that that man doesn't intend to operate—he will not admit that at the beginning; he is going to operate, always going to operate, but he eventually doesn't, and we seize his deposit. We can turn and say to the next bidder, the fellow who really should have had it in the first place, "Well, we will give it to you but we can't reduce the price, we will give it to you at the bid set," and generally that is bid so that he cannot economically compete with mills in other provinces, for instance in British Columbia; British Columbia timber is coming down and is utilized here in Ontario that is cheaper than we can produce it.

Q. That is the point, Mr. Chairman, British Columbia in competition with the timber right here; that is why I contend that the Department should see that these people who are right in there with an established industry should have the timber.

A. We have timber there, under the late Minister, and I agree with him in this instance, where he put up timber for sale and the price just showed that it was put in for a reason, and he withdrew that from sale, he couldn't give it to the man who should have had it, and that is what we do very often, we withdraw from sale because we know that man and the object of his bidding. There is one thing that will have to be considered in addition to that, which is this, Colonel, —in my younger days in public life, notwithstanding the fact that most of my life has been spent in the north country, I judged the Government and the Lands and Forest Department by the amount of revenue that they could bring in to the Government; of later years I have changed my mind entirely on that because, while you may gain a few million dollars for the treasury and the Department, and the Minister can throw his chest out, we must realize that we have got to compete with other countries of the world economically or we cannot sell our product, and I would much rather have less revenue to the Crown and mills here and there employing our citizens so as to distribute the wealth amongst the population, than developing our forest in their proper economical manner.

Mr. Cooper asked me a question there a little while ago about the methods of disposing of timber in the old days. You will find in some of the old agreements that there was spruce pulpwood, for instance, disposed of at forty cents a cord, and balsam twenty, and so on. That was not for the purpose of obtaining revenue to the Crown, that was for the purpose of inducing capital to put in several million of dollars to start a mill. And then of course when they get a going concern and a profitable concern we can get some money out of them in many channels, corporation tax and otherwise, we can increase the Crown dues by Order-in-Council at any time, and we can get it out of them that way, but to-day the public, I fear, feels that the more you can get from some company the better the deal that the Government makes; and that is far from my thought in the matter. This Committee can do a great deal of good in this way, whether I am here or whether somebody else is here: We have had the experience of the Scandinavian countries being able to compete against us in such a way that we didn't seem to be able to get our feet firmly on the ground; prior to the war they had an understanding over in New York that the price of newsprint from Scandinavin countries would be $7.50 below the Canadian price whatever that price might be. That is what we had to compete against. Now this Committee has a chance of doing something to put this Department of Lands and Forests on a permanent economic

basis. We must try to be in the position that after the war we are able to compete against any country in the world. We have our forests, as you see, especially at Thunder Bay district, fairly congested, we have got Lake Superior, an inland ocean there, we have got power fairly cheap—but should be made cheaper—we have got everything there to enable us to compete with any place else in the world if we forget the point that seems to be chiefly uppermost in a good many people's minds (it was in mine at one time) that it is the revenue that you bring to the Crown that counts. In other words, you could get five or six dollars a cord bid on a piece of pulpwood; well the Crown doesn't get a cent out of that unless they cut it, so there is no revenue to the Crown. I am speaking at greater length but I do want to impress the Committee with this, that as soon as we reduce the price of timber and as soon as we reduce the price of pulpwood we have brought more revenue in to the Crown because of that; in other words, there are more men to work and the revenue comes into the Department in greater abundance.

MR. SPENCE: Q. You agree then that you should look at the service you are giving rather than revenue—putting people to work?

A. That is right.

Q. You agree with that. You say that you have got applications before you; are you doing something, or can the Committee get something from these men?

A. I have said to Mr. Prettie this, that I realize his position, I would like to do something, but there is a Committee sitting now to investigate this Department; there are ways and means, but just at the particular moment while the Committee was sitting I hesitated to give anything by Order-in-Council.

MR. SPENCE: Don't you think it might be well, Mr. Chairman, to hear such industries as are concerned that are now in difficulty? Isn't that part of our duty (it is as I see it) to investigate these situations which are so important to our industrial life and to try to arrive at some method that will take care of them? The Minister states if you put it up for sale he won't get that, and I know from being a member up there—this is not just party politics or anything like that—and therein is the difficulty, and consequently the situation is the people up there suffer through lack of employment, the timber is put up but they don't get it and we are in the same position again, so now it seems to me more important than ever that such industries as that should be called in and we should get first hand from them their difficulties and probably their ideas how things should be remedied because they are part and parcel of each other.

THE CHAIRMAN: I suppose that is within the scope of the investigation, Mr. Spence, but don't you think it would be fairer to wait until the Colonel has completed the matter he is dealing with before we take up any other matter?

MR. SPENCE: As I say, I am not a legal mind and I don't follow all these devious enquiries, but I know that that is a mighty important matter in the district up there.

MR. COOPER: I agree with Mr. Spence that is a very constructive suggestion.

THE CHAIRMAN: Yes.

MR. SPENCE: When they are here—I know there are a lot of timber people, I don't know whether they are coming down here just because a Committee of investigation is sitting—I think many of them have got real constructive ideas to lay before this Committee. I don't think any of them would object to coming forth and giving their evidence.

THE CHAIRMAN: It might be that people who had established mills might be entitled to preferential treatment over new people.

MR. SPENCE: That is what I have in mind, a market seems to be there and we are not giving them the protection—at least we are not getting it to them.

THE CHAIRMAN: They have not got it yet.

MR. SPENCE: No. But they will have.

MR. DREW: I don't want to raise a specious argument in any way, but I would be inclined to think that those who have not got an agreement might be the ones who want first action.

THE CHAIRMAN: Oh no, no, but the Minister says this is based on the matter of depriving an existing industry of its source of supply. However, is it considered that we had better go back to the Lake Sulphite?

MR. DREW: Well, since we have gone into this other matter while we were waiting for those papers, I think perhaps I would like just to follow that particular question among ourselves. I for one, have been tremendously interested in this suggestion you make that there should be a new attitude in regard to the method of handling our forest resources, and that, after all, is the point I have sought to make from the beginning, and the only reason that I asked for this Committee and the only reason that I am taking the time on it that I am is that, rightly or wrongly, it is my own conviction too that we should have some new outlook in the handling of these resources. You spoke of the fact that you thought it would be highly desirable that this Committee should seek to establish some method by which in the future our forest resources will be handled in such a way that it will produce the maximum use rather than merely looking at it as a source of substantial revenue for the time being. Having regard to the fact that it will be one of the duties of the Committee to make such a recommendation, have you some suggestion yourself as to the best way of establishing a method of that kind?

WITNESS: May I say, Colonel,—without saying it is developed, because I figured I would get some information as a member of the Committee—my idea is, in the first place it is a political question to-day as to whether you give timber by Order-in-Council or public tender. If you give it by public tender then there are all kinds of rumours going around that are not good for the province or the country but which prevail just the same. If you give it by public auction, shall I say?—and, by the way, speaking of public auction, I noticed a piece of timber that was sold in Manitoba by public auction, under the hammer, and there were men congregated there and bid it up to such a height that no one could profitably

or economically handle it and the Government of the day at Ottawa—these were natural resources under the Dominion Government at that time, in the Prairie Provinces—had to actually sit down and pare the thing down and give it to the man at a reasonable price who should have had it in the first place,—so that it is a political question, Liberals against Conservatives and Conservatives against Liberals, and the fellow who doesn't interest himself in political questions should do so, and so on,—and on the other hand if there was a non-partisan recommendation—and this Committee has conducted itself up to the present time fairly along non-partisan lines—that is a recommendation from both sides of the House that the Minister or somebody else for him should have more discretion than he has at the present time—yes, he has the discretion now only he is afraid to use it for fear of the political consequences; I have the discretion now, the Minister has the discretion to sell, through Order-in-Council of course—so that is the idea that I had, Colonel. Now there is no question in my mind after listening to Mr. Prettie that there should be some timber within these pulp areas allocated to him at a price to be set that is fair and reasonable by the foresters' recommendation to the Deputy or the Minister, but there are others say, "We can do that just as well as he can," and if you give it to one without giving to the other, there you are.

MR. SPENCE: You mean similar industries.

WITNESS: I have a recommendation to place before Cabinet right now along the line of new regulations, but I hesitated to introduce it before this Committee sat, giving the Minister discretion in the matter where there is an established industry to allocate timber to him, after, of course, in the usual way, consulting with the foresters, the Deputies, and setting a price on it, rather than putting it up to public competition.

MR. DREW Q. Just following that up, Mr. Heenan, and I think this is a very constructive suggestion and one we certainly should pursue as far as we can before we make a report, it seems to raise this point, that we should try to find without delay some means by which a man who has a plant of any kind and needs wood of any kind can be able to get that wood in some way, particularly at a time when we are exporting such large quantities of wood outside of this province. In other words, it seems to me that our whole system has broken down from the point of view that we are able to export in such large quantities and are not at the mement able to find any legitimate means of giving the wood to the people who need it?

A. Generally speaking, it is the pulpwood that is exportable; this is timber.

Q. Quite. But then on some of the very areas from which that pulpwood is exported there is standing timber which this man could use?

A. Quite. I agree with you, and I am hoping you are agreeing with me, because I am finding now after five years in the Department; and if some people are right who were writing in the papers here yesterday I won't be very much longer in there because they have me crowned King somewhere else, but whether I remain or not I want to give you the benefit of my experience and my study of the matter (I have studied it for years and years, long before I came into this Department, as Mr. Spence knows), and if I happen to leave you to go to be crowned "King of the Cannibal Islands" or anything of that character—

Q. I didn't see that announcement?

A. —I would like to give you the benefit of my experience before that time, and because if I remain here it will help me to shake off a lot of those fellows who really shouldn't get consideration at all.

Q. I don't want to interrupt the train of your thought, but I do hope you will invite us all to the coronation?

A. Why, Colonel, I think I would invite you to my wedding if I were going to get married.

Q. I really don't want to joke about this, because I think you have opened up something that is extremely important along that line and I would rather pursue this for the moment, since it has come in in the trend of questions here, to some sort of definite idea. I have pointed out in earlier questions, and it may have been raised at the time I was asking Mr. Cain some questions, as to the wisdom of placing the administration of our forest resources under a Commission similar to the Hydro-Electric Commission, and my reason for asking that question was based on exactly the point you have now made, that, in your own words, this question as between sale by Order-in-Council and sale by public auction does in fact become a political question and one which, with the best of intentions, may cause difficulties to any Department. Since you yourself do agree that it raises a problem that is at some times almost insoluble having regard to its political implications, don't you think that some modified form of independent commission such as has been set up in some of the Scandinavian countries might work out here?

A. No. For this reason: Governments are responsible for the natural resources, and the very fact that the Hydro Commission is a separate entity from Government circles does not prevent it being brought into politics once in a while; the Workmen's Compensation Board is brought into politics—

Q. That is not dealing with public assets.

A. —my belief is that it should be kept under the Government Department no matter which Government is in power or whichever party is in power.

I might put it another way: The Minister has sufficient power to do it now, to do the right thing in this regard, if he is not afraid of something—maybe I am not the right man—I have feared to do the things along the lines that we have discussed on account of the consequences politically, the rumours. That won't prevent a commission being subjected to the same criticism that the Minister would be, and no matter how you do it, in the handling of natural resources, the man, whether he is a commissioner or whether he is a Minister, is bound to meet the disgruntled person, and the commissioner cannot do any more than the Minister can do. But I think in all cases the natural resources should be under the Government so that the Minister will be in the House, subject to interrogation, and be a party to the Government and answerable to the Legislature.

Colonel, there are things done in the Scandinavian countries that I wouldn't

expect a commissioner or minister to do here; a different situation altogether; they have women working there loading and unloading boats; if we cannot do any better than that, for God's sake don't let us bring that system over to Canada.

MR. COOPER: Q. Isn't it true there is only a small percentage of the timber in Scandinavian countries actually in the Crown?

A. I understand twenty-four per cent.

Q. That is in Finland?

A. Sweden. And the rest of it is in private hands. There are two boards there, a board to deal with the twenty-four per cent that is in the Crown, and my understanding of it is this, and I believe it is correct because I got as close as I could get it without going over, that that Commission or Board that is handling the natural resources in Sweden, they actually cut the timber themselves, pile it up and sell it.

Q. I understand the Board actually are in the operating business themselves?

A. Yes. They pile it up in piles and they offer it by auction. Now that wouldn't do in this country, for two reasons: Firstly, I don't believe the Government is going into cutting pulpwood or cutting timber and piling it in piles by day labour; secondly, if we did and we auctioned that timber or pulpwood off there would be someone with more capital than another man simply buy that all up and put the others out of business. You see there are two different mentalities; a Scandinavian can't do things in his own country that we do here; it is regarded as smart over here to outbid the other fellow and put him out of business; it is a disgrace over there; so that the whole mentality of the people of the Scandinavian countries is different than ours in that way.

MR. W. G. NIXON: Q. Mr. Heenan, from your knowledge of the workings of the Department would you say that there is much timber disposed of on a partisan basis?

A. A partisan basis?

Q. Yes?

A. Well, I will answer for myself: If you look at the number of men and firms dealing with the Department this last five years, then look at the colour of their complexion, their political complexion, why I have no business to be in a Liberal Government.

I should add, Colonel, in regard to that question—I think Mr. Nixon was having a little joke with us there—there are more Irish around the table than myself, I can see that—that Board or Commission that I outlined there functioning in Sweden is actually paid by the Government; they are employees of the Government. However, we have a lot of foresters and district men who actually perform the same service as the Board does except that we do not cut the timber down and sell it by auction.

DR. WELSH: Q. If there is only some twenty per cent controlled by the Government wouldn't the other eighty per cent pretty well control prices and prevent exploitation?

A. I don't get that, doctor.

Q. If there is only some twenty per cent controlled by the Government over there wouldn't the other eighty per cent pretty well stabilize the prices?

A. Well I am not familiar with all the details except that the other seventy odd per cent is privately owned timber and there is a Commission outside there to see that they cut their timber on their own private lands in accordance with good forestry practice.

MR. DREW: Q. Well, I think as a matter of fact we can put in the definite evidence as to the method by which they do handle it. As a matter of fact the holdings of Crown lands in the different Baltic States vary very considerably, I mean it ranges from a matter of twenty per cent up to a matter of more than fifty per cent, and also there is the fact that they have a very high measure of socialization in those Baltic countries, and whether it is private ownership of the companies or not, they exercise great control over prices and it is all governed by exporting cartel, but that we can put in afterwards. But I would like to get just your ideas on that one point you have raised to me. Just let me point this out and get some further information since you have suggested it?

A. I thought it was Mr. Spence, but I will take the blame.

Q. We will both claim that. But at any rate we are both in agreement, I believe, that it is desirable that some system be set up which looks upon the timber not as something behind a counter that is selling at so much per unit but as a continuing public asset, and that the function of the Government by whatever method is devised should be to encourage the greatest possible use of that wood consistent with the continuing preservation of the forest?

A. I agree.

Q. Now you raised the point that the present system creates very considerable difficulties through the fact that the issue as between sale by Order-in-Council and sale by public tender is in the end a political issue, and I raised the question as to whether or not that didn't suggest the advisability of setting up some form of commission similar in some way to the Hydro-Electric Commission; you have expressed your own opinion that you don't believe that it is advisable to place commissions in full charge over public resources; your opinion is that it is advisable to have control of these resources under the Government Department where the Minister is answerable in the House to the Members themselves. I am not arguing the point with you but just simply trying to get your own suggestions as to what we might recommend. If there is not to be such a commission as that then what practical method do you suggest as a means of dealing with the problems that you yourself have seen in connection with this issue as between sale by tender and sale by Order-in-Council?

A. Well, I was going to suggest, but I was afraid you might take it seriously,

that they change the Minister and put a great big two-fisted fellow in there who didn't care a continental for anybody.

Q. We may be able to do that, but in the meantime what would you suggest?

A. Just leave me in there and give me more encouragement; if you will stand by me when I do the right thing, that is all.

Q. I will.

A. All right. I don't want you to think, now, or the Committee to think that this is a general thing. We do that now, but we do it generally after consulting. For instance, I have in mind where three were there or four saw mills and after it was manifest after a number of years, say ten or fifteen years, that the timber was all going to be cut from that part of the country I discussed it with that one fellow who asked for timber and he wanted it without public tender, and I pointed out to him if I gave it to him without public tender what would these other fellows say? Well after a while, meeting one and meeting the other, they agreed that a piece here would flow down to his mill in that watershed and this piece should go to the other, and so and so, and so I have left instructions to the foresters or to the Deputies that at all costs this timber should go to this mill and that timber should go to this mill and that that should go to the other mill so as to keep them all going as long as we can rather than having one or two putting the rest out of business. So that it might not be as bad as I have painted it, because certain parts of the country are worse at shrugging the shoulders than in other parts, but generally speaking the timber men, the men who are in the business are pretty good fellows, but there is an odd instance here and there, and while I am giving that thought I might as well go the whole way and say this, that it is in the Thunder Bay area where we have the most grievances, because, I suppose, there are so many timber men up there.

MR. W. G. NIXON: Q. Haven't you found, Mr. Heenan, that for instance, a little lumber mill establishes itself, it spends considerable in the building of roads and makes certain improvements in creek beds and small river beds and so on, it wants to add a certain area in that section, somebody else steps in and outbids him and leaves him in a very bad position as a result of that bid?

A. Mr. Chairman, Mr. Nixon has asked me a very—

MR. COOPER: Are you through, Mr. Heenan?

WITNESS: I was going on to answer Mr. Nixon: Mr. Nixon brought out a very important point that is elaborating more what I said, and that is this, a man gets a piece of timber and establishes a saw mill, then he has to build roads through that timber, sometimes he has to build dams on the river, and he has quite an investment in there; then there is a piece of timber north or east or west of him that he has to have to keep his mill rolling, anybody else can go in there and bid a higher price for that nice piece of timber because they will then get the use of the other fellow's investment, and it has been done, that people have put in spurious bids expecting that this man would come and buy them off.

MR. COOPER: Mr. Chairman, I am told that Mr. Prettie, whom we have been talking about, is at present in the Committee room, and if it is in order I would suggest before we leave this point that probably we could call him and he might throw some light on this.

THE CHAIRMAN: I was just telling Colonel Drew that at eleven o'clock he asked his question and since that the discussion has gone to all kinds of other things, but if Colonel Drew is willing to suspend examination and hear Mr. Prettie, I am willing to hear him.

MR. DREW: Only, as a matter of record, I want to point out that the delay was not due in any way to my question.

MR. COOPER: No. As a matter of fact I opened it up.

THE CHAIRMAN: I think it just drifted into something else; we won't dispute about that.

WITNESS: I understood you opened it up while Mr. Cain went to get that letter.

MR. COOPER: Yes.

MR. DREW: I think, while this breaks into the line of questions in regard to the Lake Sulphite, that it is a very important point, because I hope the Committee will make some recommendations on the question of control of these resources, and for that reason I will be quite ready to break the chain of questions and have Mr. Prettie come in if that is desirable.

THE CHAIRMAN: If that is agreeable I will ask Mr. Heenan to stand aside and call Mr. Prettie.

RALPH D. PRETTIE, Sworn. Examined by MR. COOPER:

Q. Mr. Prettie, what line of business are you in?

A. We are in the wood preserving business.

Q. Where do you operate?

A. Port Arthur.

Q. How long have you been in the lumber business?

A. I have been in it, oh, since 1907.

Q. And have you any trade name or company name?

A. Yes. Northern Wood Preservers Limited.

Q. How many men do you employ?

A. From sixty to seventy in the plant.

Q. That is at the present time?

A. Yes.

Q. Where is the plant located?

A. Port Arthur.

Q. Do you forest your own wood, or do you buy?

A. We buy as much as we can, but ever since we have started business we have been up against all kinds of difficulty in getting deliveries, so much so we have been unable to quote on large volumes of business, particularly when they are going long distances from the plant, like we ship down to Ste. Anne de Beaupre a million and a half feet, and that is all framed and then treated and shipped; we purchased that at the local small mills around Port Arthur except for a quantity that we had to bring from Shevlin's at Fort Frances.

Q. Have you ever had a concession from the Crown?

A. No.

Q. Have you ever attempted to get one?

A. I have been negotiating for my company.

Q. Was that just lately?

A. Just lately, yes.

Q. And with what success?

A. The Department don't seem inclined to want to issue license or permit to cut except by public tender, and when I run up against these public tenders—I have seen it elsewhere and in Ontario—you run into these nuisance or hold-up bids.

Q. Have you ever had anything put up before?

A. Not in Ontario, no.

Q. Then what do you mean by nuisance and hold-up bids?

A. Well, I have seen cases where an operator would have a saw mill and where he should get the timber but it was put up for public auction, public bid, and somebody else comes in there and puts in a very high bid and then he comes along later and he says, "Well here, I will sell this to you."

Q. What have you to offer the Crown now for timber?

A. Pardon?

Q. What is your proposition to the Crown?

A. Well, I would like to sit in and negotiate for enough timber immediately for the orders that we have on hand.

Q. Have you orders on hand you cannot fill?

A. Yes.

Q. Why?

A. Because I haven't any timber.

Q. And why can't you buy it?

A. There is not any quantity left. I can't get anything more around Port Arthur now than a 4 by 6, that is about my limit.

Q. Is there any timber accessible to your operation that is not being used?

A. Yes, there is timber on Lake Nipigon. There is timber in a lot of these pulp concessions, but in the pulp concession where I would want pine and white spruce the pulp operator might not be ready to log and he don't want an independent operator in there cutting over his limits and creating a fire hazard.

Q. As I understand it you have orders now that you cannot fill?

A. Yes.

Q. For lack of timber?

A. Yes.

Q. And does that mean that it is going to cut a number of men that you employ, or affect the number of men that you employ?

A. Yes, materially.

MR. SPENCE: Q. You have prospects for much larger orders if you had the timber?

A. Pardon?

Q. Have you prospects for much larger orders?

A. Yes, I have. We were offered an order just the other day for—

DR. WELSH: Q. Would those orders be in Canada or for export?

A. Well, some for export. I was in the West for a good many years

and worked up quite a large business with China and some with South Africa, some with India, some with Egypt, so that it is just recently we started looking around to see if we couldn't develop a market there, and I was successful in negotiating to a point with one large State Railway for a series of telegraph poles, quite a large quantity, I was within a shilling of winning the tender, I could have cut the shilling out quite easily if I had been sure of my timber, but didn't cut it, for we have been hauling in stuff by truck a hundred miles, and you can't do that and meet foreign competition, or B.C. competition either.

MR. SPENCE: Q. That is your competition, B.C.?

A. B.C.

Q. Did you get any orders for, say, these hangars?

A. Yes, we have one order in now and we have had others.

Q. Where does that come from?

A. That comes from British Columbia.

Q. We have the timber here?

A. We have the timber here, and if the engineers will consider the laminated design, which practically everybody is agreed is superior to the straight B.C. timber design, you could supply a lot right from Port Arthur territory.

MR. COOPER: Q. Is your operation a yearly operation, Mr. Prettie?

A. Yes. We shut down about the first of January and overhaul things, and start again about the 15th March.

Q. And when do you have to have your timber delivered to you?

A. We try to keep buying it all the year through, but what we wanted to do, we have got a little saw mill there now and we wanted to expand it and be able to cut our own logs and make sure of a supply.

Q. What has been the delay in getting the timber? You have got it other years, have you not?

A. No, we have only been able to buy it from farmers, and then I have had to buy B.C. stuff. We have it rolling into the plant now, about five cars of B.C. stuff that could just as well come from the Port Arthur territory.

Q. Don't you contract with these farmers ahead of time?

A. Yes, we do.

Q. Did you not do that this year?

A. Yes, as much as we could do, and we maintain what we call an open

market there, they can come in any time throughout the year and we buy their timber and issue them a cheque for it.

Q. How much timber are you short to carry on your operations?

A. About five and a half million feet.

DR. WELSH: Q. From what holdings have those been?

A. Well there is some for emergent requirements, I have bought some on Ledger Township, I can get that into Lake Helen and get it into the plant early in the spring.

MR. SPENCE: Q. That is for immediate needs?

A. That is just for emergency to fill the orders on hand.

Q. What is your actual need just at present, not allowing for expansion?

A. About five and a half million feet.

Q. And you have taken the necessary steps to put in an application to the Department for timber?

A. Yes. It is under consideration.

Q. And the farmers and the settlers are not able to supply that timber at the present time?

A. No, they are not able to supply that.

HON. MR. NIXON: Q. Was it your intention to put your own gang into the bush?

A. No.

Q. You would contract for that to be done?

A. The way that would have to be done—of course, I have been used to operating in British Columbia but it pretty much applies here—we would have to have a block of timber carrying saw logs, pulp logs, and in pine and spruce and poplar, and in order to operate that thing economically and to the best advantage not only for ourselves but for the Government we would have to make a contract to supply this pulp company, or they would take a contract to supply us with the logs and they would take the pulpwood off of it.

MR. SPENCE: Q. You could tie in with other people who are operating there?

A. Yes.

Q. The timber that you would like to secure, you could harvest it—you could cut it?

A. Yes. We could take the whole of it, even the tops, the tops would go into the pulp logs; we would use pine.

Q. You would use timber that is not being used right now?

A. Yes.

Q. How about it where you got timber that was matured? I have heard it said, I don't know just what truth is in it, that even timber that gets to the buttermilk stage there is some way of using it. Can you use that?

A. No, we can't use it in our business, but if you were operating with a pulp logger, for instance, a man handling jack pine, there is only one mill I think in Canada that handles jackpine, and if you are operating with one that was handling jackpine, he could use that red heart or red rot pine and supply it to the paper company, they are very glad to get it.

Q. How do they use it—chip it?

A. I understand that, and they will take it in and all red hearted timber that comes along.

Q. Have you an idea, in your industry, that in some way you can handle this?

A. Yes, I have discussed the affair with some of the operators at the lake end, and I found one who will take this jack pine, red pine logs, and another take the tops; and another one to take the spruce, and we to take the big pine logs.

Q. Would it be necessary for you to have this timber on water or could it be taken by rail?

A. You cannot do it by rail and compete with the British Columbia stuff.

Q. You have to go down east along the shore?

A. You have got to have your water delivery of logs. As a matter of fact, we are prepared to go ahead with quite an expenditure there, putting in a chemical plant in addition to the sawmill, and a few other additions, and spending something over a hundred thousand dollars, if we can be sure of the future supply of timber.

Q. By the way, what plant investment have you there?

A. $200,000.00.

Q. Do you want to increase this?

A. Yes.

Q. Do you have to bark this stuff?

A. No, not for our operation; but the people with whom I was trying to work out a proposition have said they would be willing to put in a barking equipment.

Q. Do you creosote all this stuff up there?

A. No, zinc chloride and creosote. The zinc chloride is used as a fire protection, and for hangers and roundhouses roofs, and industrial buildings of one kind and another.

MR. COOPER: Q. Would this timber which you have in mind affect any other operation which is going on in the same neighbourhood?

A. No; not that I know of.

MR. DREW: Q. Just how have you planned to carry out your operations?

A. I thought when we came to the lake and established the industry that there would be timber available, because I knew the territory. I knew that the pine was reserved to the Crown in most of these areas, but I was not familiar with the operating difficulties in getting that pine out. We would have to work in with the pulp concession, or have one with something of that kind.

Q. In other words, the pine belongs to the Crown but is on the territory leased to pulp companies?

A. Yes.

Q. And you have found practical difficutlies in connection with making arrangements for acquiring that pine, is that the situation?

A. Yes. For instance, if you take any one of the paper companies and they are carrying on their pulpwood operations, and they come into a place where there is a ridge of pine, they would probably leave that pine—that is the ordinary Canadian company—because there are no other paper companies in Canada, except the one at Dryden, that uses jack pine. So it is almost impossible to get into a paper company's logging unit.

Q. Then do I understand from what you say that there are concessions under the control of pulp companies at the present time which are not themselves using the type of wood which you require, and that yet you cannot make satisfactory arrangements to obtain that wood?

A. I do not think it would be possible to make satisfactory arrangements with them. I have discussed it with them—very friendly discussions—and they would be very glad to help, but it does not seem practicable.

MR. ELLIOTT: Q. What is their objection?

A. Their objection is that they have laid out their programme a year or two years ahead, and laid out their roads, and it does not come near, except perhaps a very small piece of pine—not enough to make up a boom.

Q. And they do not want you in because you would be a fire hazard?

A. Yes, you would be a fire hazard. But if you were starting in as a group to log the jack pine, pulp logs, the poplar, and spruce logs, and log the pine sawlogs, then you could work out advantageously; but your pine timber would not be sufficient to make up a boom, ordinarily.

Q. Is there any reason why you want this timber at once?

A. Yes, I have the men, but I have not the timber.

MR. DREW: You are seeking from the Department what?

A. I want enough timber to fill the orders on hand, and I want some definite assurance of future supply.

MR. HEENAN: Q. For how many years?

A. I should have it for twenty years to justify our expenditure.

MR. DREW: Q. To get away for a moment from this particular problem, you have heard the discussion which has been going on here about the utilization of our timber resources. I understand from what you have said that you yourself have been connected with the use of timber in some way for thirty-three years. Have you any suggestion as to the best practical way of assuring adequate supplies of timber to companies such as yours—some plan that could be adopted and recommended by this Committee?

A. Well, the Minister made a recommendation, I heard, and I heard Mr. Cain make one; and I feel that if the Department, the head of the Department, consulted somebody on the Opposition side and put up the recommendations which have been made to him, and going into it with his political opponent, he would be on very safe and sound ground in disposing of timber at a valuation which the departmental foresters would consider adequate.

MR. DREW: I am afraid, Mr. Prettie, that is not a practical suggestion, for the simple reason that departmental operation could not be made subject to the approval of the opposition, because it might or might not be available at a time when a man would ask for and an immediate decision would have to be made. So that I am afraid that from a practical point of view that would not work. You have heard the suggestion, and I think probably from your own experience you know that there are different forms of commission control of timber in other countries. What do you think of that yourself?

A. I do not know. My experience has been mostly dealing with privately owned timber; and I have found that when I have got two, three or four or five people mixed in it, it was pretty hard to conclude a deal.

I had in mind one quite large sale which I made or was instrumental in making, and when I explained it to my superior, oh, well, it was too mixed up and involved. Clean it up yourself. So we sold these people quite a big area, and then we bought from them another area, and then we traded a subsidiary company for another area; finally getting everything on one watershed.

Q. In this, now, I am not dealing with your pending application so much as I am trying to get something from you based upon what I know to be a very extended experience in the use of timber resources. In the nature of your business you have had very extensive contact with mining companies as well, and I know that you understand the general setup of the control of mining. Now, I would assume that the reason that there is a mining judge who deals specifically with mining claims, and set aside exclusively for that purpose, is based upon the necessity for some impartial tribunal. Somewhat along the line of the mining judge, what would you think of setting up a judge exclusively for cases of this nature?

THE CHAIRMAN: A mining judge does not deal exclusively with mining claims.

MR. DREW: Q. When I used the word "claims" I was using the word in the broad sense, a tribunal to dispose of questions connected with mining.

THE CHAIRMAN: Yes.

MR. DREW: Q. In this case have you any opinion—if you have no opinion on the matter, please do not try to form one at the moment—but have you had occasion to consider the wisdom or desirability of setting up a judge with similar powers to dispose of questions arising from our timber resources?

A. No, I have not. I have always taken it that the Minister was able to do it; he is responsible to the Government and to the people for doing it.

Q. And the Minister himself has explained to us this morning some of the difficulties in doing it?

A. Yes.

Q. I believe you spoke of the mining court—

THE CHAIRMAN: The mining court deals with matters of easements and rights of way which, in the ordinary course, should come before the courts, because there are usually conflicting claims between two private owners.

MR. DREW: But I would point out that there are conflicting claims arising between owners of these claims. For instance, as to the Lake Sulphite Company, you have two companies claiming rights. One company says to the other, You have too large an area. That is something which in a mining court would require a judicial decision. But since Mr. Prettie says he has not considered that, we will leave that.

Q. And you did say you were counting on some timber about a hundred miles away. Is there any timber of that kind you require closer than a hundred miles from your mill?

A. Not that I know of.

Q. So that you are not being held out from any areas closer in, by existing conditions?

A. No, not that I know of.

Q. Are there any other suggestions you care to make,—you know the nature of the Committee. How close is Ledger Township, for which you made application?

A. Oh, it would be about sixty miles.

Q. Then, quite clearly, you did not understand my question. I said, is there timber of the kind you require within a shorter distance than 100 miles?

A. Oh, I thought you understood that I had this emergency application in for Ledger Township, but that would be only temporary and would not do us in the long run.

Q. But it would meet your immediate requirements?

A. Yes, our immediate requirements.

Q. You know about certain discussions that have taken place and the fact the Committee is considering recommendations which we might make to meet things of this kind. Have you any practical suggestion in the way of improvements as to the way of handling our timber resources?

A. With the exception that something came up the other day. I have been listening with a good deal of interest to all these discussions, and it came up in connection with finding further markets for Ontario timber. I have often thought that some kind of a small technical committee could do a lot towards the development of a market for Ontario timber. I am not speaking now of pulp timber but more of soft wood.

Q. So that you agree with the wisdom of having something in the naturel of a Research Council or a Research Committee, which would seek new technical methods for utilizing our forest resources?

A. Yes.

HON. MR. NIXON: Q. You say you have put in an application for pine on Ledger Township?

A. Yes.

Q. Is there any pine coming off it now?

A. Yes, some jackpine; but I do not think there is anything else.

DR. WELSH: Q. Mr. Prettie, you stated you had seventy men, I understood?

A. Yes.

Q. If you get this limit, how many men would you employ? Labour is important.

A. It would depend upon the way the thing is operated. If you are operating along with a pulp company and taking the logs, you should do it while the pulp logs are coming out, in order to get the timber which we require, the total operation for pulp logs, spruce, jackpine and popular and any sawlogs, would take probably between 350 and 400 men.

Q. And for your own operation, if you were granted the rights, it would increase not only the amount of timber but the number of your employees?

A. It would increase our employees probably by 50 or 60 men.

Q. Your present requirements are for about five and a half million?

A. Yes.

Q. But you want to enlarge your operations?

A. Yes.

Q. I have heard at home and here on the Committee that there are obstacles in the way of you getting the timber you require. Are you able to tell the Committee any legal obstacles in your way, or any political obstacles?

A. No. There are no political or legal obstacles. The Minister is hesitant, as he has said here, about disposing of the timber by Order-in-Council. That is the only stumbling block there is.

If you put it up to public auction, we know well enough what will happen; and we cannot compete with British Columbia timber.

Q. What you are trying to put before the Committee is that we should do away sometimes with public tender?

A. I think it will have to be done away with in some cases.

MR. COOPER: Q. Does this British Columbia timber come down by boat or by rail?

A. Both ways. We ran into competition at Ste Anne de Beaupre by boat shipments; and then we had to get a railway out of Port Arthur, even to meet that. And then we ran into it by direct rail shipments.

There is a very peculiar system of rates. We cannot compete with British Columbia timber ordinarily, unless we can manufacture the timber to sizes such as we could bring it in by water.

Q. I cannot understand about railing timber from British Columbia.

A. The railroads established rates to meet Panama competition from the West Coast. Those rates are established from the coast to points in Ontario, Quebec and the East. The rate into Port Arthur is 61 or 62 cents,—I have just forgotten. The rate down to Montreal, up until this year was 50 cents.

Now, you can imagine that there are some very peculiar conditions arising in the industry, with that kind of a system of rates. For instance, when we bring timber into Port Arthur and pay 62 cents on it, then when we reship it we get a refund from the railroad.

MR. ELLIOTT: Q. Of how much?

A. The difference between the one rate and the other.

MR. COOPER: Q. I understood you to say you could not bring your material into the market owing to the rates?

A. Yes.

Q. It seems peculiar that if the people from British Columbia can bring it down, that you cannot compete by rail.

A. The rate is cheaper to Montreal than it is to Fort William. That is the British Columbia rate. As long as the lakes are open, we can get a rate down through the Niagara Peninsula to Toronto of 26 cents; but as soon as the lakes freeze up, up goes the rate.

MR. DREW: To what?

A. I think 41 cents.

MR. COOPER: I meant bringing the logs down from our bush to your plant?

A. We cannot bring them down.

MR. OLIVER: Q. There are rail facilities?

A. Yes, but the rate on logs is so high you cannot do anything with it.

MR. COOPER: Q. That is the point which Dr. Welsh was making, if they can bring logs down from British Columbia at that rate,—

A. They bring not logs but squared timber.

DR. WELSH: Q. That covers the point I made a while ago, that you should be on water?

A. There is one thing I might have pointed out there, Colonel, on the question of rates, that lumber from British Columbia, one of the dimensions, say two by four, takes a higher rate than the larger timber.

Q. We have the timber here with which to compete with British Columbia?

A. Yes, and in ninety per cent of our business we could use Ontario timber if we could get it. I want to develop the laminated stuff.

As a matter of fact, one Minister here has turned over his patent to Ottawa.

MR. DREW: Who is that?

A. Mr. Hipel.

MR. COOPER: Q. Has this question of rates ever been taken up, to your knowledge, with the Railway Board?

A. I tried the Railway Board once. The rest I did by private negotiations. The Railway Commission had already turned me down, but, by negotiating privately, I got there in some of the things.

HON. MR. HEENAN: Q. Mr. Prettie, you recognize that the area from which you want to get this timber now is on the Lake Sulphite limits, the Township of Ledger?

A. Yes.

Q. I am not sure whether you know or not, but I want to ask, if you do, if there are other applications in for tie cutters to go in there and cut ties on that limit, and that there are other jobbers wanting to go in there and cut on that same area for pulpwood for export. If the Minister allows one to go in without public tender,—take, for instance, the tie cutters and yourself cutting the timber, what would be said, for instance, by the fellow who wanted to go in to cut ties? What is your experience of what he would say if we allowed you to go in without public tender?

A. I have an established industry there, employing men, and we have orders on hand for the timber.

HON. MR. HEENAN: So that the Committee will understand: You see No. 8 on that map on this side, the Township of Ledger is on the east end down close to the green. Now, that is the nearest point and most economical to log timber of the three townships, Ledger, Booth and Purdom. So that a great many men who want to cut pulpwood and ties seek to get in right there at the water's edge. And, in the meantime, if we do it, this is what we get. The Pulpwood company who have invested money there will go to see Mr. Nixon or the Premier, or other members of the Cabinet, and say, at the time we are trying to refinance and get a great $3,000,000.00 organization on its feet, we find poachers in depleting the limits. And then I am called over the coals and asked why the dickens do you allow this or that fellow in.

MR. DREW: But the wood Mr. Prettie requires would not be wanted by the Lake Sulphite?

HON. MR. HEENAN: No, but that is the story they would tell; and it gets into the papers up there about poachers working on the limits. And they get after me, a half dozen fellows, all wanting to get in on that same area.

MR. DREW: Q. It seems to me that we have come to the point where this Committee should seek some solution of what is an unsatisfactory situation. Here is Mr. Prettie with his plant in which he has put $200,000.00, and he has men, with a large amount of work available; and he is prepared to put another

$100,000.00 in the business, if he can be assured of wood. Never mind what the difficulties are; those difficulties exist; but what is the way out? That is what we should try to find.

It seems to me that it should be the purpose of this Committee, and it is our job, to offer some solution to a situation where a man has a plant and has orders and needs wood, and just at the time, owing to the difficulties, he cannot fill his orders.

HON. MR. HEENAN: There is the question of expediency, at the moment, to get something in a hurry. If he is to go away back, he has to wait until the fall comes so that he can log his timber down through Lake Nipigon or somewhere else. What he wants is to get timber somewhere where he can truck it out. We can secure him timber which he can cut in the winter and log it in the summer when the rivers are open. But that is not what I understand he wants.

THE WITNESS: It is too costly.

MR. DREW: I am only dealing with this as a concrete example. Here is an application for a right to cut a particular type of wood on an area over which another company has rights. That company which has the rights does not want to use the very type of wood that Mr. Prettie would use on this job of his.

HON. MR. HEENAN: That is right.

MR. DREW: It does not seem to me that the mere fact that the people who hold that dominant right may claim somebody is going to poach timber should be enough to prevent another man cutting timber that they do not want. The law is there, and if the laws are broken, the man can be punished. That is the purpose of our penal laws.

From my own view, dealing with this as an example, I would say that the man with the dominant right has not the right to cut timber which he does not need to use. What you are pointing out is that if you gave Mr. Prettie that right, he would be charged with poaching the timber. That does not seem to me to be justification for withholding timber which he can use and which will create jobs for men that he can use.

It seems to me that this Committee is no use unless it can find a solution of that difficulty, and an immediate solution.

HON. MR. HEENAN: That immediate solution is that there are so many others wanting to cut the same timber?

HON. MR. NIXON: And pay more for it.

HON. MR. HEENAN: If we give it to Mr. Prettie, the others will say that it is worth twice as much as the Government would ask for it; and there would be charges of fraud. If Mr. Prettie does not get it, that timber will not be wanted or cut for many years.

MR. DREW: It seems to me that there cannot be any justification for with-

holding from him timber which Mr. Prettie wants to use, and which the licence holder cannot use.

HON. MR. HEENAN: As Mr. Prettie has indicated in his evidence, there might not be sufficient timber in the area which he wants, and there may be pulpwood to be cut at the same time. This is the first time I knew of somebody who could buy the pulpwood at the same time as the jackpine.

WITNESS: Before making this application, I took a look at the pulpwood that there might be on this particular area, and Mr. Heenan told me that this timber was under reservation for the Lake Sulphite Company; so I read over the agreements with the Lake Sulphite Company and read that there were certain areas open to them if they expanded over 200 tons a day. It occured to me, from enquiries, that a 200 ton pulp mill is a big mill. And they have had practical problems in getting the mill built.

There might be an opportunity for somebody to get at least a part of the timber which was reserved for the Lake Sulphite in case they did expand. That is something that occured to me.

HON. MR. HEENAN: Away on the bend on No. 2, at the north end of Lake Nipigon, there are 400 square miles,—18.7,—which is reserved for them.

MR. DREW: But only in the event that they expanded to 200 tons a day?

HON. MR. HEENAN: Yes, but we only reserved it for them for three years. We could take it all out to-day.

MR. DREW: Although I hoped to examine the agreements this morning, I think we have reached the point where we very well might adjourn.

HON. MR. NIXON: Q. You are not a bush operator yourself. If you were given Ledger Township, you would not go in there with your own gang and take out just your own timber?

A. No, the jackpine and the pulp logs would come out there, and even the red heart under this application I have in, and I understand that there is an application already that they are negotiating for 1,500 cords for the mill at Nipigon.

The whole thing could be worked out under the one operation.

HON. MR. HEENAN: If the mill at Nipigon wants stuff for their mill, and you can make an arrangement for them to get your log timber, I think there is the solution.

A. I think that can be done.

Q. If you can arrange for them to cut your log timber and get it out, it would be all right.

A. What I want to arrange for the timber is to get the pine logs out of there while the other stuff is coming out.

MR. DREW: It seems to me we have a concrete example of the sort of problems we have to face. Here is a company which has got orders and wants wood. How are available woods to be got? Here we have a Department with technical men in it. When we meet again, perhaps we will have a solution suggested.

THE CHAIRMAN: Here Mr. Prettie wants that township for his immediate urgent needs.

Do you want this witness again?

MR. DREW: No. Thank you.

THE CHAIRMAN: They do not want you, witness, any longer. The witness is dismissed.

The Committee is adjourned until 10.30 tomorrow morning.

(At 1.00 p.m. Tuesday, January 30th, 1940, the Committee adjourned until Wednesday, January 31st, at 10.30 a.m.).

TENTH SITTING

Parliament Buildings,
Toronto, Wednesday, January 31st, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Heenan, Nixon (Brant), Nixon (Temiskaming), Spence, and Welsh.

THE CHAIRMAN: Will the Committee please come to order?

HONOURABLE PETER HEENAN, recalled.

MR. DREW: Q. Well now, Mr. Heenan, just before we get back to the questioning about the Lake Sulphite I wonder if, having regard to the rather interesting situation that was disclosed to us yesterday as an example of the situation that might arise, if you have any suggestion now as to a way that a case of that kind can be dealt with?

A. Well, Colonel, I have asked Mr. Prettie to meet me this afternoon to see if we cannot get an understanding along the line that he discussed yesterday, which I said was new to me, that he was requiring some timber for the small mill at Nipigon and that he could arrange at the same time with the jobbers whoever

they might be for a company or the jobbers to take out the timber that he required at the same time, and I am certain we can make arrangements with him.

Q. But I am dealing with it more as a broad problem as to the situation that was disclosed. Here is what I am getting at so far as this Committee is concerned: We had it explained to us yesterday that here is a man with an industry with orders unfilled who needs timber of a certain type and who complains that there are certain difficulties about getting it. I recognize that there may be explanations of those difficulties which are not before us at the moment, but it does seem to me from the point of view of the effort of this Committee, and particularly having regard to what was discussed yesterday about the advisability of developing the use of our timber resources as much as possible, we should seek some method of solving a situation of that kind. Now have you any suggestion as to a plan that we could recommend?

A. Each case, Colonel, has pretty well to be dealt with on its own merits; you can't lay down a general policy for any one. Let us take for instance the one that is now before us: If Mr. Prettie or anyone else wanted a certain species of timber he would apply for it in the usual way, we would find some way of doing it; generally speaking we put it up by tender; Mr. Prettie outlined to you as well as myself the difficulties with respect to that, but you see Mr. Prettie is not now asking for a timber area that will supply him for five or ten or fifteen years, that is something else he is going to ask for later, he wants something now for the emergency so that he can cut out this timber and truck it to his mill, it is only a case of emergency. Well, we can do that, we have got ample power to do that, but we have got to do it in accordance with what the Department considers is good forestry methods, not to go in and cut a piece of pine here, red pine here and Norway pine there and white pine down here and leave slash in the bush, the pulpwood should come out with it, and Mr. Prettie says that the company is willing, that is going in, to cut the pulpwood to keep the Nipigon Mill going, that they will arrange with him to cut his timber. All right, that is agreeable to us.

MR. SPENCE: Q. That is, timber suitable?

A. Suitable for his purposes.

Q. But supposing it didn't suit him? Is that back on Ledger or some other place?

Q. If you get the timber all at the same time, of course it is a better forestry operation?

A. Quite so. Mr. Prettie as I understood him yesterday is advocating this cut in the most up to date manner; he stated yesterday as I understood it that he was even prepared to go so far as to make arrangements that the tops of the trees should be used in some chemical mill.

Now that is the kind of operation that we want, to use the last squeal out of the tree as it were, and as Mr. Prettie explained it yesterday we welcome that.

Q. One thing that strikes me, the price of that timber is about the highest of any timber, that is for the Lake Sulphite?

A. Well, Mr. Spence, you can't talk about the price of any wood, for the reason that it is one of our troubles setting a price by Order-in-Council. Generally speaking it is just an economic development. If the timber is close to the rivers and close to the lake and you haven't very far to haul it to drop it into the river it is naturally worth more than if you have to go away back a hundred miles or over the height of land, but we dispose of a piece of timber by public auction—and this may look childish, but nevertheless it is true, that the Minister, no matter who he has been, for years back has been up against this, somebody else will come in and say, "You gave Mr. Prettie that timber at such and such a price; that is not fair, if it had been put up at public tender I would have bid twice as much on it;" they will say that right along and threaten to bring it up on the floor of the House that we have some secret deal and all this, but, regardless of that, Ministers before me and I am today, where there is a mill see that that mill is supplied regardless of all costs, run the risk of this kind of criticism, and I want to explain today that so long as the Cabinet will back me up in it I haven't the slightest hesitation in doing what Mr. Prettie asked yesterday after I heard him explain the situation; all that we have to do now is get the foresters to go out, take all the circumstances into consideration, see how much per thousand he should pay for that timber, and we will put an Order-in-Council through giving it to him.

DR. WELSH: Q. Mr. Heenan, are there other smaller companies or have you knowledge of other companies in the same position as Mr. Prettie?

A. Well, just not at the moment. There were one or two really had to pull their machinery out and their bricks and mortar and abandon their mill because of public competition.

MR. SPENCE: Q. Price is an important factor; I mean similar to the Lake Sulphite only in a much smaller way here. The reason I asked about price, you have your organization set and everything and you go in there and fail and the result is not only do you wreck your organization and lose all your equipment, but there is a great hardship on the district up there, to the merchants in particular, who lose all their accounts and everything. We were talking about the freight the other day and competing with B.C.; the point with me is, I know this is only a temporary arrangement, and the price to me seemed to be a very important factor and I was wondering, when this man Prettie, who wants to get this timber, picked this particular location—I know the timber, there is plenty of it—but when he picked the timber, if he should be competing with them, supposing this Lake Sulphite refused to take this timber, they want this timber?

A. We own the timber, the Lake Sulphite doesn't own it, they own the area.

Q. What mill do you refer to that wants to take this timber and they take the pulp?

A. The Nipigon.

Q. A different one altogether?

A. Yes.

DR. WELSH: Q. Not having in mind the smaller companies, but take the

Abitibi and any of these great companies that have such large areas tied up in their limits, do they actually take the timber as it matures or is there timber going to waste in Northern Ontario?

A Well, as Mr. Cain explained here the other day, people are becoming gradually more forestry minded. In bygone days they went in and slashed and cut the cream regardless of what happened to-morrow, but I find that these companies now have foresters in charge of their forest operations and they now cut the oldest timber first. Take for instance the Spruce Falls, they have a good system of forestry whereby they cut the oldest timber so by the time they get through with the oldest timber the younger timber is up to more mature years, so then they go into the mature timber rather than go in and slash and take it as they go into it, young and old together.

DR. WELSH: Q. It seemed to me that a mill turning out say four hundred cords a day, whatever they put out, making a contract for four million it would be an impossibility for them to really forest that area having in mind conservation and also utilizing the timber as it became mature.

MR. DREW: Q. Now, Mr. Heenan, just to clear up one point that came up for discussion yesterday while we were discussing the question of control,—I have no desire now to get into exact figures of foreign operations, but it does seem to me that possibly there has gone onto the record some impression that the State does not maintain effective control over operations on forest areas in some of the Scadinavian and Baltic countries. As I understand it, the question of whether the actual operating areas are under State ownership or under some form of private ownership has nothing to do with the fact that the State does exercise absolute control over the method of operations within those countries. Is that not so?

A. I believe that is right.

Q. I merely want that clear on the record because it does seem to me that the impression had been left that the fact that there were substantial areas of privately owned land in Sweden and other Scandinavian countries might make State control not actually effective there. I understand that State control is sufficiently effective, not only in Sweden but in the other Scandinavian and Baltic countries, that they impose terms and conditions on private operations without regard to which form of ownership it is?

A. I believe that is true.

THE CHAIRMAN: If you have any documents or books giving the facts would it be possible for you to file them with the Committee and let them study them in considering their report, because, as far as the rest of the Committee are concerned, they have not had the advantage of reading those books or documents and are absolutely in the dark as to the exact form of these things.

MR. DREW: I might say that at the opportune time I will introduce expert evidence as to the method, and if Mr. Heenan had said, "I don't know whether that is true or not," that would have ended it, but he agrees with me.

WITNESS: Let me shortly suggest what I know about it,—but I have only

known about it from men who have made reports on those methods and reading since you yourself brought it up, Colonel, that it didn't make any difference about the percentage, say twenty-four per cent of the timber in the Scandinavian countries—Sweden I am speaking of particularly but I think they are all similar—is owned by the State outright and there is a Commission employed and paid by the State to handle that Government owned timber. Now the privately owned, take for instance, seventy-five per cent of it, is handled by the State or Provincial Boards; they have to say how the private owners shall cut their own timber, etc., you see, but under State laws—these Provincials are all under the State laws, they all do it according to Act, so that in a general way we can say the State has control over all forests, whether private or Government controlled in that way. I believe that is true.

MR. DREW: Q. Well now then, let us return to the question I was asking at the time that we turned to a specific case at Port Arthur. I had asked the question as to what agreements there were with the holders of the areas which had been abandoned and which became part of the territory conveyed to the Lake Sulphite Company under this Order-in-Council. Have you that material here now?

A. Yes, Colonel.

MR. DREW: What Exhibit will that be?

THE CHAIRMAN: 14.

WITNESS: I might preface this by saying that naturally before letters were interchanged arriving at what might be called a complete agreement there were very many, many, conferences; in fact the situation was agreed to before the interchange of letters.

January 20th, 1937—I want to read this because it sounds good, the first part of it, "To the Right-Honourable Peter Heenan"; that is an extra title—"Minister, Department of Lands and Forests, Parliament Buildings,"

MR. DREW: Q. That must have been anticipating the coronation you referred to yesterday.

A. Yes.

(Continues reading): "Toronto, Ontario. Honourable Sir: . . ." I want to tell you there is nobody who has a heart who wouldn't give this gentleman anything he wanted. (Continues reading): "The agreement embodied in your letter of January 18th, conveys to the Great Lakes Paper Company limits . . ."

Q. I don't want to interrupt the reading, but you say "Your letter of January 18th". Wouldn't it be better to put that in first?

A. Well, all right. I thought I would save time.

Q. It is only for the sequence of events, that is all?

A. Yes. This is to Mr. C. H. Carlisle, "re Great Lakes Holdings."

"Dear Sir: As a result of various discussions that your company have had with the Government in respect of your present and future holdings in connection with pulpwood operations and newsprint manufacturing I desire to advise you as follows: Your company may take this as an assurance having regard for the arrangement made some time ago with the Prime Minister in company with other Ministers that the limit known as the Black Sturgeon limit will be allotted to you definitely with all species of timber covered by the agreement, your company in turn undertaking to harvest and utilize all the species in accordance with whatever subsequent arrangements may be made or agreements consummated. There will be added to the said Black Sturgeon limit that portion of the area in the Nipigon Corporation limited concession lying west of the Nipigon River, such portion adjoining the Black Sturgeon limit. Furthermore the Government undertakes to agree to your company taking over from the Central Paper Company the limits generally known as the Hogan limits and adding thereto for the use of your company the unlicensed portions of the Townships of Savanne, Fallis and the unsurveyed area lying south of Savanne and west of the Township of Fallis to the shore of Lac des Mille Lacs. The above allotment is on the understanding that your company has surrendered to the Crown the following areas held by or understood to be controlled by your company: The Long Lac Pulp Concession, the Pic River limit, the Nagagami Pulp Concession, these three areas comprising 7,100 square miles and having a cordage of spruce and balsam of approximately 21,000,000 cords in addition to other types of commercial timber. The Government in consideration of your relinquishing these areas and securing for yourselves rail-haul wood from the Central Paper Company undertakes to provide the Central Paper Company with a quantity of pulpwood timber commensurate in value with the quantities that they now control on the Central Paper Company and have undertaken to convey to you.

"Because of your desire to prepare immediately for the expenditure of a large sum of money in connection with your proposed operations and to submit these matters to your Board to-day I am at your request writing this in the hope that it will reach you in time. The above arrangements with your company will be submitted to Council for approval at the first "favourable opportunity."

THE CHAIRMAN: Q. What was the date of that letter, Mr. Heenan?

A. That is January 18th, 1937, signed by myself. Then the answer to that is two days after his Board Meeting.

Q. What is the date of the letter?

A. January 20th, 1937. It states:

"These agreements embodied in your letter of January 18th, conveys to the Great Lakes Paper Company Limited limits known as the Black Sturgeon a section in the Nipigon Corporation lying west of the Nipigon River, the Townships of Savanne and Fallis; and the areas of the Central Paper Com-

pany known as the Hogan limits; on condition that the Great Lakes Paper Company Limited surrender to the Crown the limits known as the Long Lac Pulp Concession, the Pic River limit and the Nagagami Pulp Concession. Notwithstanding that the limits surrendered by the Great Lakes Paper Company Limited are larger in area, contain a much greater quantity of timber and are of greater value; owing to the acccessibility to the mill of the Great Lakes Paper Company Limited of the timber limits alloted to it, the Great Lakes Paper Company Limited accepts the limits alloted as set forth in your letter, and also surrenders its rights and titles to the above mentioned areas—the Long Lac Pulp Concession, the Pic River limit and the Nagagami Pulp Concession. The Company further agrees to operate in accordance with the conditions set forth in your letter. On the receipt of the grant of these limits to us we have let contracts to the value of $218,600 for the improvement of the mill. It is further our purpose to spend in the neighbourhood of another $200,000 to put the mill and limits into an economical production.

Very truly yours, (Sgd)

C. H. CARLISLE."

Letter of January 25th, 1937, addressed to The Honourable H. C. Nixon, Acting Premier, Ontario Provincial Government, Parliament Buildings, Toronto.

"HONOURABLE SIR:

"So that you may have information as to the present operation of The Great Lakes Paper Company Limited I am giving you the following condensed information:

"By request I took over the management of The Great Lakes Paper Company Limited June 26th, 1936—prior to that time I had no connection directly or indirectly with the company's affairs.

"The cost of trusteeship, receivership and reorganization amounted to $640,344.50.

"On taking over the company we had to provide for the payment of unpaid bills amounting to $367,398.94—also a payment of $150,000 on accumulated bond interest of $222,000.00.

"To meet these changes I had to finance the company for $500,000.00.

"The operation of the plant during receivership was 55% of capacity. The average operation of the plant from July 1st to December 31st last was 90%. The plant is now running 24 hours per day for six full days per week.

"The production cost during receivership was $33.78 per ton. Since taking over the plant and up to November 1st, our cost was $28.35 per ton. The cost has been further lowered.

"Shown below are the prices of the securities of The Great Lakes Paper Company Limited at the time of my assuming management of the company, also the current prices of these securities:

	Price June 26th, 1936	Current Price
Old Bonds	$53.00	$102.30
Preferred Stock	10.25	35.25
Common Stock	3.75	14.50

"Since the allotment by the Department of Lands and Forests of the timber limits to The Great Lakes Paper Company Limited, we have let contracts for the improvement of the plant amounting to $218,600.00. There are additional improvements of $200,000.00 to be made at a later date.

"The Great Lakes Paper Company Limited held the following limits:

The Black Sturgeon,
The Long Lac,
The Pic,
Free Hold Lands and
The Nagagami—
amounting to 8,890 square miles, with a total cordage of 29,600,000.

"For these limits they paid $4,990,880.00. In addition to this they paid in taxes $377,024.00 and in deposits $160,000.00, making a total outlay of over five and a half million dollars without interest on the investment.

"The reallotment of timber limits is as follows:

		Estimated Cordage
We give up		21,050,000
The Long Lac, 3,400 square miles, estimated cordage	11,000,000	
The Pic, 1,400 square miles, estimated cordage	2,000,000	
The Nagagami, 2,300 square miles, estimated cordage	8,050,000	
"We retain		4,300,000
The Black Sturgeon 940 square miles estimated cordage	4,300,000	
"The Government has further alloted to us		910,000
"Townships of Savanne and Fallis with an estimated cordage	60,000	
a small limit West of the Nipigon and North East of the Black Sturgeon, with an estimated cordage	350,000	
and the limits known as the Central Paper Company with an estimated cordage of		500,000

or, we receive in exchange for the cancellation of the Long Lac, the Pic and the Nagagami, 5,210,000 cords against a cordage of 21,050,000 which we are surrendering.

"I think it is in the mutual interest of both the Province and the Great Lakes Paper Company Limited to have no misunderstanding as to conditions, and at your convenience I would ask you to have the allotment, as given by the Department, confirmed in Council, I also would ask that the Government protect these limits from any encroachment under any conditions . . ." (You understand what he means by that; that is the poachers as he called them) ". . . and we will undertake to operate the limits in a constructive and conservative way in cutting piling, large timbers, lumber, bank posts and ties. My thought is that the timber cut should be done in such a way as to aid reforestation.

"I have already started research work on by-products.

"We are hoping through improvements to increase production at the mill by 15,000 tons of paper, doubling our sulphite output, and to be in a position to take advantage of the pulpwood market when such becomes profitable. We will also be in a position not only to cut for our own use but if markets warrant it, to engage in export pulpwood, timbers and lumber. This year we are using 125,000 cords and if our development works out along the line of our planning, we will in 1938 likely be using 180,000 cords.

"I might say that the Great Lakes Paper Company has changed from losses into profits—by this I mean it is taking care of its full operating costs and is in addition earning depreciation and bond interest, and after we get fully into operation should build adequate reserves and return a reasonable profit on issued stock. In other words, I am trying to make a real and permanent company out of the Great Lakes Paper Company. I appreciate the co-operation of the Government.

"Yours very truly,

C. H. CARLISLE,
President."

And a copy to me. That is all that bears materially on that point.

THE CHAIRMAN: Then these three letters will be filed as Exhibit No. 14: Correspondence between the President of the Great Lakes Company and Mr. Heenan and Mr. Nixon.

Q. This last letter was addressed to Mr. Nixon, was it not?

A. It was addressed to Mr. Nixon

EXHIBIT NO. 14—Filed by Hon. Mr. Heenan: Three letters between the President of the Great Lakes Paper Co., and Mr. Heenan, dated January 18th, 1937 and January 20th, 1937, and from the President of the Great Lakes to Mr. Nixon, dated January 25th, 1937.

MR. DREW: Q. Do those letters deal with the whole of the 981 square miles which were allocated to the Lake Sulphite Company?

A. No.

Q. What area was actually covered by those letters?

A. Do you mean, Colonel, the areas that we added, or the areas that were taken on both sides? Most of the areas that were given or allotted to the Lake Sulphite are contained in this. There are other companies involved as well, the Abitibi Company and the Provincial Paper Company. We got some of those as I said the other day. This is the greater portion of it.

Q. Then what agreements have you with the Abitibi covering that territory?

A. The Abitibi, Colonel, is in a different position. The Abitibi is in receivership; and, as I explained the other day, the receiver can only discuss with you; he cannot give without a court order any assets of the company. And his discussions were all,—Mr. Clarkson and his foresters from time to time did not disagree when we said we could take this off without hurting the company, or could take another piece here or there without hurting them. They did not disagree, but they could not agree to give it up.

The proposed agreement that we made in 1937 with the Receiver and the Bondholders' Committee and the other members of the Committee with all those gentlemen whom I named one day, Glyn Osler, and the engineers and foresters, and Mr. Ripley, and all these gentlemen arrived at,—there was some portion of the agreement relative to the Hydro, and matters of that kind; and then there was a portion of it which relates to timber. And that agreement in itself takes from the Abitibi limits by mutual consent the portion that is now contained in the Lake Sulphite limits. Then there is the—

Q. Before we pass from that, this agreement of June, 1937, you are referring to?

A. Yes.

Q. But what I am referring to, so that we will not be in any doubt about it, I am referring to the fact that the original holding of the Lak e Sulphite, amounting to 981 square miles, were granted by Order-in-Council dated February 27th, 1937, and that Order-in-Council recites that under and by virtue of the Forest Resources Regulation Act, this territory is conveyed to the Lake Sulphite Company Limited.

Now, you have read three letters, one from yourself to Mr. Carlisle, one from Mr. Carlisle to you, and one from Mr. Carlisle to Mr. Nixon, as acting Premier, which together do undoubtedly constitute the proof of some understanding between Mr. Carlisle, as President of the Great Lakes Paper Company, and yourself as Minister. Now, that covers one part of the 981 square miles; and that together with the remaining part was decided upon and allocated to the Lake Sulphite Company. We are dealing now with the territory which had been under the control of the Abitibi, and what I want is whatever evidence you have

of an agreement between the Receiver of the Abitibi Company nd the Department with regard to that area which is to be withdrawn from the Abitibi?

A. Well, as I said, Colonel, we arrived at a mutual understanding in the office, and this final agreement was the result of that.

Q. But there must be some exchange of correspondence or memoranda?

A. No.

Q. What?

A. No, the conferences, as I said to you, Mr. Clarkson, being the Receiver, could not undertake to give up. But he did not disagree with our view when we pointed out to him that he had sufficient timber without this corner or without that corner.

Q. I am not trying to put any questions to you which confuse in the least on that. Let us get the simple sequence of events. You have told us that in January Mr. Sweezy came to you with this general proposition. Then you had members of your department give you an estimate of the available timber stand on the area which Mr. Sweezy thought was necessary for the effective operation of this company. Then you had certain discussions with Mr. Sweezy, as a result of which you came to the conclusion that the company was adequately financed and staffed. Then you recommended on February 26th an Order-in-Council which had the effect of passing an agreement between the Lake Sulphite Company and yourself, and which specifically referred to 981 square miles of timber area, part of which came from the Great Lakes Paper, and part from the Abitibi, and part from the Provincial Company. That is right, is it not?

A. That is right.

Q. And I asked you yesterday what the agreements were referred to in the second last paragraph of the recommendation, by which the holders had abandoned the territory. And I simply want to follow this through in its logical sequence.

Your recommendation to the Cabinet was approved, and the agreement was executed, following the passing of the Order-in-Council on February 27th, and this is based upon that approval, and on that agreement this company proceeds with its public financing and disclosed the existence of an agreement under which it took 981 square miles.

The agreement you refer to with the Abitibi Company was not signed until June, during which time, of course, their public financing had been under way for some time.

What I am asking is what you had on file which indicates what took place regarding the abandonment by the Abitibi Company, and the reason for deciding that that should be taken from the holdings of the Abitibi and allocated to the Lake Sulphite?

A. So far as the Abitibi is concerned, Colonel, we have not got anything

on file to show that there was an agreement reached between the Government and the Abitibi. The only thing I can say to you, in connection with that, was that very many discussions took place with the Receiver, who had others accompanying him on this, and did not disagree with what we were doing; but they could not agree in writing to give up any asset which at that time belonged to the company.

And then this agreement, here, which was entered into I think you said in June, followed along the course of our discussions.

Q. Do not let me put words or ideas in your mouth, but—

A. Schedule A of this report of the Minister of Lands and Forests of 1938:

"In the matter of:
Abitibi Power and Paper Company Limited:
Memorandum of proposed arrangements:
Relative to Timber Concessions and Licenses:

The following proposals embody the arrangements which have been settled satisfactory to the Minister and which shall be the subject matter of recommendation to the Lieutenant-Governor-in-Council for approval."

Q. What is the date of that?

MR. COOPER: Read the next paragraph of that, if you please.

A. (continued)—

"To understand the proposals relevant to the new alignment of the Abitibi affairs, a study of existing agreements is necessary. The areas as now standing and as proposed are shown on a map signed by H. G. Schanche" —that is the Abitibi forester,—

"and dated April 21st, 1937, of record in the Department of Land and Forests. The Abitibi agreements are as follows:

(a) Lake Superior Concession.—"

MR. COOPER: That shows clearly that on April 21st, 1937, the limits were all agreed upon, although the agreement was only entered into in June, the limits were set out in April?

A. You see, that map was really the subject of weeks, if not months, discussion.

MR. DREW: Q. I think Mr. Cooper has raised an extremely important point there. After all,—I do not want to keep on labouring it over and over again, but still I do want it clear,—I think we would all be wasting our time unless we were hoping that out of these discussions we could make some constructive suggestions. And it is definitely my opinion that where there is a transfer of areas which involves the effective control of extremely valuable property,

but under the abnormally wide powers of the Forest Resources Regulation Act, that in any other business there would be some record somewhere that you or I could go to and say, this is the position under which the agreement was made. And, as Mr. Heenan has pointed out, there is nothing of record in the Department. But, as Mr. Cooper has pointed out, there is something of record.

I point out that there must have been something leading up to the agreement of April, because in your report it says that there was something agreed upon.

THE CHAIRMAN: The schedule was dated the 24th day of June, 1937. What Mr. Heenan is perfectly correct upon, it is part of the agreement, although it may have been ready before the agreement.

A. I doubt whether in this particular case we kept a memorandum that on such and such a date Mr. Clarkson proposed this, or I proposed that. I do not believe there is such a thing in our Department.

MR. DREW: Q. Let me put it in this way: No matter how much you or I, because of our ancestry, might believe in such and such a thing, neither of us would use a ouija board to find out about anything. There must have been some definite decision, and you must have had before you some recommendation as to which areas would be taken from Abitibi, and why it was desirable to take it from Abitibi and transfer it to the Lake Sulphite,—there must surely have been something of that kind?

A. I can see your point, that the history of the transactions would be better if they had been recorded. I might have figured that I was going to live forever and was going to be in this Department forever and would carry it around in my head. But the fact is that there is a map, and that is the way it was distributed. And, so far as Abitibi was concerned, there was no objection to the small piece of timber that we took from them.

Then, again, it is embodied in the agreement. The report shows we were in negotiation long before April 1st. There is a complete story to it, in my way of thinking, which justified me in making the recommendation to my colleagues in the Cabinet that these areas were abandoned.

Q. Well, is there any recommendation from the forester or from any official in your department indicating that in the opinion of the departmental experts there was no occasion for the Abitibi Company to retain that particular area?

A. No. There were discussions around the table as to how many cords would be in that particular area or in this particular area, and we added them up together to figure out that they were not going to hurt in the slightest degree the Abitibi holdings. In fact, I believe we could take some more yet from the Abitibi without hurting them very much either, by consent or otherwise.

Q. Are you contemplating it at the moment?

A. Well, not unless there is somebody willing to invest some more money in some particular product of the forest, and then we would have to go back over

the matter again. But I believe under such circumstances we could take more from the Abitibi, and then not hurt them.

Q. Do not leave my question in a way that it can be in any way an incorrect interpretation of what you said; but, as I understand what you have said, it is this: that so far as that area that was taken from the Abitibi and transferred to the control of the Lake Sulphite Company, you have no departmental record of any kind up to the agreement of June, 1937?

A. Oh, yes, we have that there.

Q. That is the agreement of June, 1937?

A. No, there is the record where we studied it and agreed upon a map. The forester of the Abitibi Paper Company drafted a map in accordance with the discussions that we had previously to that time.

Q. Have you that map here?

A. I presume it is in the Department.

Q. Do not misunderstand. I am not treating this lightly at all. I think it is extremely important that we should come to some understanding as to the method by which the Department was going to handle such an important thing as the withdrawal of areas from one company and giving them to another, under such very wide powers as the Forest Resources Act. What I am trying to find out is what departmental evidence is there of the reasons which led to the decision to withdraw this particular area from the Abitibi Company and allocate it to the Lake Sulphite Company? Now, if there is material, I believe we should have it?

A. I do not believe there is a record such as you indicate. The record that is here is sufficient to justify me in making my recommendation to the Cabinet. So that everything is hunky dory so far as the Cabinet and myself are concerned.

Q. According to my view of it, it is not all hunky dory, if the fact is that there is no record to which we can now refer to determine as to why this particu.ar territory was dealt with in the way in which it was, and I feel very strongly that we should not hesitate to express our opinion that in the case of departmental decisions of this kind, involving the handling of properties, that there should be departmental records. Don't you agree in that?

A. Oh, if I had thought that you were going to be the interrogator and would want it backed up with writings or maps, I would have wanted everything in detail so that you could have been satisfied as far as possible.

Q. Having regard to the condition of my health, do you not think it would be well in the future to keep records?

A. Yes, as long as you are leader of the Opposition, I would keep more detailed information later on.

Q. Then may I say that my acceptance of my position is justified? I do not want to treat these lightly. It is an extremely important thing. We are dealing with important public assets?

A. I assure you I am not dealing with it lightly. I see the point you are trying to make, and it would have been much better had I kept a memorandum of all my discussions, and so on. But I am trying to tell you that no matter what memoranda we had, Mr. Clarkson, as Receiver, could not give up any territory. And it worked out in its final summation, in the agreement made in June. It took months.

It was the same way in connection with the writing out of the Forest Resources Regulation Act. All these companies were consulted and helped in the drafting of that Act for a specific purpose. And they changed the draft that I had at that particular time in my own writing, which would not have made good English, because I was pretty mad at the time because of the way in which these companies were cutting one another to pieces.

This took weeks in discussions, and it was submitted to some eminent counsel in Toronto, and they amended it; and I accepted all their amendments; I did not care what words they put in, so long as it served the purpose that the Government had in mind at that time.

So that to take and make a memorandum of every day that you met these men, and the expressions which ensued, he would think that something was to be referred to somebody else. I had not been doing that kind of business, and I do not believe that anyone who was ever in the office before me ever did it.

Q. I do not believe it is possible to retain detailed memorandum of every 'phone call, but I do know of various business departments of other organizations where it is a fixed rule that any discussions which lead to some understanding, a memorandum will be placed on the file, so that in the future anybody can go back to the point where that point at least was decided upon, and that would be useful, I submit.

MR. COOPER: Before going on, Colonel, on Wednesday, January 24th, Mr. Heenan, you read into the record something which constituted nearly a page and a half of letters and memorandum and one thing and another, in connection with this very affair you are talking about now,—is that not so?

A. Mr. Cooper, if you will pardon me, my thoughts were a million miles away while you were asking that question. Will you repeat it?

Q. On Wednesday, January 24th, you read into the record many letters and memoranda which dealt with the very question about which Mr. Drew has been questioning you now?

A. Yes.

Q. And that constitutes the record which you have on hand in connection with that particular matter?

A. Mr. Cooper, I would have to read that, because my mind is not clear upon it.

MR. DREW: Q. The memoranda and letters which were read by Mr. Heenan, only started in January, 1937; and this decision was made in February 26th, 1937. Practically everything was subsequent to that.

MR. COOPER: The letters started January 15th and January 21st, and memoranda dated January 27th, January 28th, a confidental memorandum.

MR. DREW: I am only too glad if those refer to it. I am not going to determine whether the memorandum relates to his decision or not.

WITNESS: I overlooked that. I was thinking of one portion of it. The file which I read in related to the whole agreement, and certainly covered this.

MR. COOPER: That is the point I am trying to make.

THE CHAIRMAN: Supposing we come back to the discussion of the Lake Sulphite.

MR. DREW: Q. Then the other territory which was transferred was some part of the holdings of the Provincial Paper Company. Now, would you explain what took place in regard to that?

A. Again, Colonel, and Mr. Chairman, if you will pardon me, before the letter I will have to go into a little back history. It will be recalled that an Order-in-Council was passed authorizing the Minister to deal with the concessionnaires, the companies holding these large concessions, so as to permit operators to go in and cut for export at times for the purpose of relieving unemployment.

If you will look at No. 8 on the map,—maybe I had better show it to you, first. These companies were given the right to operate on several rivers in here, Jack Fish, jackpine and spruce. And the president and the manager of the Provincial Company agree that they could go in on there, but no farther east on this No. 8.

There they came in and asked us to reserve this point, so that in case anything should happen to the wood in the pile at the mill, they could run out and take it in by rail. Then one discussion followed another until they wrote us and told us that we could take that area for any purpose that we desired. In other words, they gave back a piece of the territory which had been operated by exporters for some time.

Then, on January 12th, 1937, the president of the company wrote Mr. Cain:

"W. C. Cain, Deputy Minister, Department of Lands and Forests, Parliament Buildings, Toronto, Ontario" . . . . .

THE CHAIRMAN: Q. Who is that letter by?

A. Mr. S. F. Duncan, president of the Provincial Paper Company, Limited.

"Dear Sir: The Provincial Paper Limited have no objection to the Crown granting cutting rights to anyone on that portion of Township or Block No. 92 lying east of the production southerly to Nipigon Bay of the east limit of the unsurveyed portion lying north of Township or Block No. 92.

The Company do, however, desire your Department to protect their interests in that portion of 92 lying west of the said produced line and the portion lying between the west boundary of 92 and the Nipigon River.

Yours very truly,

PROVINCIAL PAPER LIMITED

S. F. DUNCAN
President.

MR. DREW: Q. Did that follow any earlier correspondence?

A. No, that followed again, as I said to you, they said in the office, take that portion entirely on the west end. Then later they wanted to reserve the point for rail work. So that is the reason of this letter. And they were satisfied.

Q. What have you on file there as the basis of that decision,—anything at all?

THE CHAIRMAN: Before you go further, Colonel, do you want this letter filed as an exhibit?

MR. DREW: Oh, yes.

THE CHAIRMAN: Then the letter from Mr. Duncan to Mr. Cain dated January 12th, 1937 will be filed as Exhibit 15.

EXHIBIT No. 15—Filed by Hon. Mr. Heenan: Letter dated January 12th, 1937, from F. S. Duncan, President, Provincial Paper Co. Ltd., to Mr. W. C. Cain, Deputy Minister, Department of Lands and Forests.

MR. DREW: Q. Is there anything further on file that will indicate the reasons for allocating that particular area, and the basis of the discussions between yourself and the Provincial Paper Company?

THE CHAIRMAN: You are asking as to two different things. I do not want to interrupt your line of questions, but you lumped together the two things, the giving up of the limits on January 12th, 1937, and the reallocating to the Great Lakes Company.

MR. DREW: Q. Are you suggesting that the two events were not connected?

A. Oh, no, Colonel, there was no connection at all. They gave us the right to use that territory for any purpose.

Q. I am not questioning what right they gave up, but did you not have the Lake Sulphite proposal in mind at the time this decision was made?

A. No.

Q. What had you in mind as the basis for that?

A. We had in mind that that would be a good point, easy of access to Port Arthur logs. And they said, we do not mind what you do with it. In other words, you can let anyone cut on it that you like.

Now, when we were looking for territory to supply the Lake Sulphite with limits, we naturally thought it was more important to take it for an industry than for export. But I assure you that there was no connection between them, of taking from one and giving to another.

Q. And is there no connection between taking certain territory from the Abitibi, and the granting of it to the Lake Sulphite?

A. That was just about the same, Colonel, in the same way as I explained before. I do not want to be a school master, but if you will look at No. 2 on the map next the window,—maybe I had better go over there, for after all is said and done, I can point better than I can talk.

If you look at No. 2, Mr. Chairman and members of the Committee, you will see this all was the Abitibi's property at that time. Now, if you look here, you see the Lake Sulphite property. (Indicating.)

Again the question came in under the Order-in-Council, as I explained, authorizing the Minister to make arrangements with the holders of these concessions for the cutting of logs for export. It was thought by the Abitibi that inasmuch as this is more expensive wood for them, it was more expensive to log down to Nipigon and on down to Lake Superior, and more expensive to cut; and they said, all right, if you want to put them up there, that is the more expensive wood.

In the same way with this bit in green. So that we had that right. Then the Lake Sulphite proposition, again, we thought that having regard to the number of cords Mr. Sweezy wished, that would be more important than it would be for cutting for export. And there was some arrangement between the Lake Sulphite and Mr. Clarkson, that they could get from some other limits what was taken off there.

There were approximately 42,000,000 cords of mature timber in that area. One of these days, I feel certain that the Government, whether this government or some other government, will make whoever they consider proper and able, cut the mature timber, so as to get that out first, rather than to let the concessionnaires cut here and there.

This was taken for logs for export, first, and then we thought it was more important that it should be given for the establishing of an industry by Mr.

Sweezy and Mr. Sadler. I am not sure about that point, but I know there was some arrangement made.

MR. DREW: Q. Then, referring back, so as to dispose of this phase of the question, and referring to that second last paragraph, which I read before,—

THE CHAIRMAN: You are reading from the Order-in-Council, Colonel?

MR. DREW: Yes.

WITNESS: By the way, I should have added, and it has just occurred to me now, we did compensate the Abitibi for the loss of that, by rail haul timber west of Fort William. That has just occurred to me at the moment.

I am not sure that we compensated them quid for quo, but we satisfied them, at least, that they had it west of Fort William for rail haul purposes, rather than to depend upon water. You see, Colonel, I am just reminded of another thing. You see that white below No. 7?

THE CHAIRMAN: Just a moment. Has this map been marked as an exhibit?

WITNESS: Not yet, it has not.

MR. CAIN: We did indicate to you, Mr. Chairman, that if you desired to have it made as an exhibit, we will have it photographed; so that it may be marked as an exhibit.

THE CHAIRMAN: I think it would be useful to have this map, to which the witness referred, filed as an exhibit. It will be Exhibit No. 16. It is explained to me that this map on the left is the original map, and it will be Exhibit No. 16.

And the other map, on the right, will be Exhibit No. 17.

THE SECRETARY: Exhibit 17 shows the pulp concessions as of 1934. The other map, Exhibit No. 16, shows them as they are to-day.

THE CHAIRMAN: Now, Mr. Heenan, if you do not mind, when you refer to those maps, refer to them by their exhibit number, and we will be able to follow what you say.

MR. HEENAN: I wanted to point out, Mr. Chairman, this: You observed this portion in white on map Exhibit 17? From time to time we have rearranged things with these companies, for instance this portion in white had mining angas, and we wanted to reserve as much as we could for mines. So we allotted a portion of it here which is more expensive to log. We had quite a lot of fires through here, due to mining and other activities. And we had it reserved in the Crown. We had to allot things sometimes in that way.

MR. DREW: Q. Then that white area is held back by the Crown and is not going to be used for forestry purposes. It is old timber, but it must be a new area, because I see townships called "Walter", and other familiar names.

THE CHAIRMAN: Q. I understand, Mr. Heenan, that that area was staked practically solidly around 1934, during the Sturgeon River boom,—I mean the area between Jellicoe and Lake Nipigon?

A. Yes.

MR. DREW: I cannot help expressing some interest in that area, because when you go east from Lake Nipigon, it seems to be a memorial to this Government, because the names of the townships seem to perpetuate many names.

MR. SPENCE: Like gravestones.

THE CHAIRMAN: Following an old practice.

MR. DREW: Q. Correct me if this is wrong, but, as I understood it the other day, there were 42,000,000 cords of mature timber in this area which have been transferred to the Lake Sulphite?

A. Oh, no.

Q. What did you say?

A. I do not think you were paying attention, Colonel, and I am sorry, because it was one of these great thoughts that I get once a year, that, regardless of who holds certain timber areas in that region, instead of allowing each one of them to go in and cut their own requirements individually,—say, for illustration, there were six,—that inasmuch as there are about 42,000,000 cords of mature timber in all the areas together, I figure that some day some government would make them go in and cut the mature timber collectively, rather than individually, so as to harvest the mature timber first.

MR. SPENCE: Q. I suppose, owing to it being a virgin timber area, the bigger percentage of the timber there will be mature?

A. Forty-two percent.

MR. DREW: Q. Now, Mr. Heenan, what is your estimate of the mature timber on the 1,981 square miles allocated to the Lake Sulphite Company?

THE CHAIRMAN: Have you got that little brown book?

A. Approximately 4,700,000; that includes the point on the second map, there, Colonel, marked Exhibit 18, which is held in reserve, about 4,700 square miles which is held in reserve for I may say three years under an agreement that if they extend their mill to 400 tons, we will give them that in addition,—364, instead of 400,—and in the meantime they pay the charges on it.

Q. So that the estimated timber on that is how much?

A. 4,700,000 cords.

Q. Have you any way of estimating,—

WITNESS: I see the company themselves estimated 4,200,000 cords, excluding that point.

Q. Have you any way of estimating the normal annual maturity on that area?

A. Oh, yes.

Q. What did you estimate as the annual amount that would become available for the cutting?

A. I had that the other day, Colonel, not on that particular area, but how we arrive at it. I believe, Colonel,, so that you will be sure that we get it on exact forestry methods of determining these things, I would suggest that you leave that until you get a forester under examination.

THE CHAIRMAN: Q. Roughly speaking, Mr. Heenan, I think you or Mr. Cain told us that the total cordage in that district was about 42,000,000 cords, and that the permissible cut was about 742,000 cords a year. Are those figures correct?

MR. CAIN: I think those are the figures foresters used. I think they use from seven hundred and forty to seven hundred and seventy-five thousand cords.

THE CHAIRMAN: Can you estimate that the total annual cut would be about one-sixth of the total cordage?

THE DEPUTY MINISTER: That 42,000,000 cords mentioned in the evidence some little time ago is the estimated cordage on the whole Thunder Bay area; and the foresters figure that of that approximately 42 per cent is matured timber on that area. And we figure out, if I recall it correctly from the memorandum submitted, and which is already marked as an exhibit in connection with the Lake Sulphite, that their mill would require approximately 105 to 110 thousand cords per annum. And I think, likewise, it was stated that they had ample supplies on there not only to look after the twenty-one years but also for an approximate extension for another twenty-one years. That is speaking subject to correction.

EXHIBIT NO. 16—Filed by Hon. Mr. Heenan: Map showing location of pulp concessions as they are to-day.

EXHIBIT NO. 17—Filed by Hon. Mr. Heenan: Map showing the pulp concessions as of 1934.

MR. DREW: Q. Now, Mr. Heenan, the Lake Sulphite Company, then, came into existence, so far as the Government was concerned, as a company, with the passing of that Order-in-Council on February 7th, 1937. Is there anything else on record in the files of your Department which would throw any light on the information which you had in your possession at the time that you recommended the approval of that agreement with the Lake Sulphite Company?

A. No, I think I have given you everything, Colonel. I am absolutely certain that we have given you everything up until the time of that agreement. Of course there has been correspondence since that, correspondence wanting to know how they were getting on with their financing; correspondence in connection with the application to erect a newsprint mill as well, and my answer saying that we could not ccnsider that, because Ontario and Quebec had agreed not to build any other newsprint mills for the time being

But I do not think, as you put it, that there is one scratch of a pen anywhere on the files, that I can find, or think of, leading up to the consummation of the agreement,— I should have said "one further scratch of a pen".

Q. Then let me before passing, understand what is the basis of this agreement, so far as record is concerned, as distinguished from conversation? Following the conversation or conversations with Mr. Sweezy, in January of 1937, you got reports from men in your Department indicating available timber on that area. Then you proceeded to discuss the matter further with Mr. Sweezy, and on the basis of a statement by him that he had the financial support of a group which he mentioned, you then proceeded to prepare a recommendation for an Order-in-Council approving of an agreement with the Lake Sulphite Company?

A. Yes, but of course there were consultations, Colonel, with Mr. Sadler and Mr. Sweezy with other members of the Cabinet. Of course, it was not just done in one office, but I take the responsibility. I would point out that as a Minister I would not think of going into such a situation without talking the matter over with my colleagues in a formal way.

Q. But, apart from the letter of the solicitor of the Lake Sulphite Company and the letter from Mr. Sweezy himself to the solicitor and forwarded to you, and the memoranda prepared by your departmental officials in regard to the standing timber, and the subsequent recommendation for an Order-in-Council, there is, to repeat the word which we have both used, not a scratch of a pen in addition to that, which would indicate the reasons for arriving at this decision,—is that right?

A. I would say, Colonel, that there are no further scratches than you have seen; and I think there is ample evidence of the negotiations and a complete file up to and including the passing of the Order-in-Council, and followed, generally speaking, along the lines of the practice of the Department for years, long before I came into this office.

Q. Without debating the adequacy of the record or otherwise, is it not correct that, apart from the letter from the solicitor and the letter from Mr. Sweezy, and the memorandum from your departmental officials as to the standing timber, and the recommendation, there is not, as we both say, a scratch of a pen as to the reasons for adopting this agreement between the Government and the Lake Sulphite Company?

A. Let me make this statement, that I do not regard any other memorandum necessary to go on with the project than we have on file.

Q. Before that, you will agree with me that there is not another scratch of a pen?

A. Not that I know of.

Q. Then, in regard to these areas that were granted by Order-in-Council on January 12th, 1937, to the Lake Sulphite, were there not small operators on that area?

A. Oh, yes, many of them.

Q. How were they affected by this Order-in-Council?

A. When we allotted those areas to the Lake Sulphite, I recall now,—I did not think about it before,—we had a discussion with Mr. Sweezy and Mr. Sadler that while we were arranging the agreement with them, it must be borne in mind that we had already allowed operators to operate on various parts of those reserves, to fill their contracts already made with American purchasers, and that he would allow them to fill their contracts.

THE CHAIRMAN: Q. You mean timber or pulp operators?

A. Pulp operators, for export. Then, when they filled their contracts, of course, they were out.

MR. SPENCE: Q. You know they spent considerable money for a boom?

A. Some of them continued to cut.

MR. SPENCE: Q. We have difficulties, as you know, with those operators yet?

A. Yes. It is one of those difficult problems, Mr. Spence, as you know, that when a man gets a piece of timber or the rights to cut in a certain piece and we say, "Now don't forget this is only one year" he goes in and he has to improve rivers and tote roads, the argument is, and a good argument too, "I have done so many things and spent thousand of dollars, are you going to put me out now?" In other words once they get in it is difficult to put a man out and be fair.

Q. They are really good Canadians—pioneers?

A. Have you got any good Canadians up there?

Q. Certainly, that is the place; I object to your insinuations.

THE CHAIRMAN: Said with a smile.

WITNESS: Q. So in a general way, Colonel, it is pretty well protected.

MR. DREW: Q. In a case of this kind how are these small operators dealt with? In other words, here are a group of men, my friends Mr. Spence says the real Canadians . . . .?

A. Red blooded.

Q. Here are a group of men who have spent considerable sums on work in that particular area fixing rivers and generally building the camps and the other things that are necessary to conduct an extremely useful form of industry. A sweeping decision of this kind it is apparent is going to affect a large number of men whose livelihood depends upon this particular occupation; are they brought into the picture to have their case heard before this decision is made?

A. No, Colonel, they only had a license to that from year to year.

THE CHAIRMAN: I wish we could ask Mr. Heenan before he answers your question perhaps to explain how these men come to have these rights there and the extent of the rights they have?

WITNESS: Well now let me begin at the beginning of that. As I have stated before, but didn't go very extensively into it, there was export of pulpwood granted under various methods; the substitutional clearances was the prevailing idea for a long time; that is to say, if the operator could get an affidavit that he had purchased from private lands and delivered that to a home industry then he got the right to export from home lands from another point the equal number of cordage. Well, when we came into power there was quite a discussion of these substitutional clearances, that they were making some people take false affidavits and performing all kinds of tricks to get around and deceive the Crown—whether that be true or not I never enquired into but half of the rumours I have heard at the head of the Lakes, I have spent a considerable sum of money hunting them and they all seemed to be shadows when we got into them—competitors will do that kind of thing sometimes. Now then there was a large delegation came down from the head of the Lakes comprised of men of various nationalities, I am sorry to say that there were more Conservatives than there were Liberals among them.

MR. DREW: Q. But they were well treated just the same.

A. They went away happy, I think they have been Liberals ever since, Colonel; at least if they weren't they ought to be; and they presented to the Government the enormous expense of relief that was accruing to the City of Port Arthur, and I believe Fort William, it was the most representative gathering of timber men and business men that I have seen together from Port Arthur.

THE CHAIRMAN: And Fort William.

WITNESS: And Fort William. Well, they are all good fellows in Fort William. And they pointed out that they could go and get markets to supply pulpwood if we did certain things, that there was no use of going over under the present stumpage price, for instance. There are two ways of preventing export; you can raise the price so high that they couldn't sell it; the other is to declare a ban on it so that there is no use of them trying. And they could put so many thousand men to work and they could harvest mature timber in there that ought to have been cut years ago—this was their representation—they could give work and wages instead of relief and bring a fair share of prosperity around the head of the lakes.

DR. WELSH: That would be practically the year round?

MR. DREW: No.

WITNESS: Well, yes and no. You see the sap peeling season was on about that time, it was the sap peeling they wanted to do at that particular time because there is more wages for sap peeled wood than there is for cutting rough wood. The Government considered it was good business to accede to their request and I was asked by the Cabinet what we could do about it and I was a little timid about suggesting that we should just let them go right in on other people's property even although they might have too much without something to authorize the Minister to do it. Well, we passed an Order-in-Council authorizing the Minister to make arrangements, or a deal, I don't know which it was—arrangements—with the pulp concessionnaires to permit these men to go in on their areas to cut for one year to supply work; as you know, everybody was looking for prosperity coming around the corner for a great many years and everybody was hoping that the next year would be brighter and so on;—for one year this was. Now we called these concessionnaires in, there was Mr. Carlisle, Mr. Clarkson of the Abitibi, Mr. Duncan of the Provincial Company, because they were the presidents of the companies that these men thought they should like to go in, they wanted to go in of course where it was easy of access, and so we made those arrangements for one year. Then when the next year came around they asked them again and we consented, and so on, and that is how those men got in there to cut pulpwood. We reduced the Crown dues from $1.49 to $1.00, took the forty cents off; and there was an export price of an additional twenty-five cents a cord for any pulpwood that they exported to the United States and we cut that off too, so we cut practically sixty-five cents a cord to enable them to go up there and get their markets. That is the story as best I can figure.

MR. SPENCE: Q. Those operators were not just exporting; they had been operators all their lifetime around the head of the lakes?

A. Oh, yes.

Q. They cut other than export wood and they didn't have the limits, some of them?

A. For instance, take on June 8th, 1934, the late Minister passed an Order-in-Council authorizing an operator or operators, I forget now which, to go on the Nipigon Corporation limits for the purpose of export for nothing.

Q. Oh, I agree that that is right?

A. That was on June 8th, 1934.

Q. But the point is that we should take care of these operators; that is their difficulty, they have each got an organization and equipment, most of them, three to four hundred men?

A. Now then so far as the men are concerned that affects only the contractor, the jobber as it were.

Q. Yes?

A. So far as the men are concerned, they want work and wages, it is not whom they work for, whether for you or me or somebody else; they were taken

care of by the extra cutting for the Lake Sulphite requirements. Now then the Lake Sulphite didn't mind so we have allowed them to go in, not as extensively as before, but we are allowing some of them to cut even yet from year to year.

Q. You say there are more operations at the head of the lakes than probably any other place in Ontario?

A. Well, there is quite a lot of export you know going out from the Clay Belt, Mr. Spence, right from Hearst all the way down there, and it helps those settlers, I don't know how they could get along without it. If we could get the industries that would settle everything and then the men could go to work. Of course the contractors might be out of a job but it would be manufacturing timber in our own country.

MR. SPENCE: It is my opinion that this Committee should look into the plight of the operators there whose whole life and organization and capital are tied up and they need some relief, some area, and that they should be taken care of in preference, Mr. Minister, to American concerns. You have been doing this, but right now I think it would mean a great deal and I think the Committee of Enquiry should interrogate some of these operators, a great many of them, because there is difficulty there somewhere. I realize the Minister has struggled with it and the Department has and haven't got it and if we are going to solve it or at least attempt to do that I think there is a point and a time for this investigation and we will have to have the real circumstances as to their difficulties by the timber operators themselves.

THE CHAIRMAN: Well, Mr. Spence, if there are any witnesses later on I think the Committee would be glad to hear them, but in the meantime we are dealing with the Lake Sulphite and I suggest that the Colonel proceed with his examination.

MR. DREW: The thing I have in mind is this, while it is perfectly true those operators had only a yearly license it is also true the company had only a yearly license.

WITNESS: I beg your pardon?

MR. DREW: Q. While the operators had only a yearly license, it is also true in theory the companies had only a yearly license also?

A. Oh, no; they have twenty-one years, Colonel.

Q. I know, but you actually have the power of terminating it at any time?

A. No, we have the power to determine where they should cut or where they shouldn't cut but it would be unthinkable to think that we would be able to shut a company off who had invested five or six or ten million dollars at the end of a year.

Q. My question was not perhaps strictly accurate and I will give you what I have in mind. Under the Forest Reserves Regulation Act you have the power to take any area from any company and at the moment in the absence of any regulations there is no effective limitation of that right? That is so, isn't it?

A. That is right.

Q. So no matter what the original area may be that is allocated to any company you have in fact the power to vary that allocation by Order-in-Council under the Forest Resources Regulation Act?

A. Yes.

Q. To that extent the actual assurance of continued control of any given area is just as limited to the company as it is to any of these operators, isn't it?

A Oh yes, Colonel; in other words, if I understand your question right,—I think I do—under that Forest Reserves Regulation Act the Minister may to-day say you have so many square miles but next year you have only got half of that.

Q. Yes, or it may be the same amount in another district, or something of that kind?

A. Yes. I think if a Minister could do that in that way Mr. Hepburn might pension him off.

Q. Well, but we have already had evidence of the changing areas under the powers of this Act; what I am coming to in this, Mr. Heenan, here is an Order-in-Council which transfers to the Lake Sulphite Company the right of cutting over 1981 square miles of territory that had been under other companies and on that area at the time that was done there were a number of independent operators, were there not?

A. Yes.

Q. And those operators were men who had camps, equipment and a large number of men working. It seems to me that before a decision would be made which would have such an effect on men who were responsible for the preservation and improvement of a large number of square miles of that area, that those men themselves would have a right to be heard as to the decision that was going to be made. Don't you think that would be wise?

A. Well, Colonel, you can tell before you send for them what they are going to say to you.

Q What would they say?

A. "That we have as much right in that territory there to cut as anybody else has."

Q. Well, haven't they?

A. And there would be no agreement; that is why I gave them the right only for one year.

THE CHAIRMAN: In other words, may I put it this way, these men who come

there for one year know that all their rights expire at the end of a year, if they spend a large amount of money in equipment they take that risk; the company which has a contract for twenty-one years knows that it has a reasonable assurance that it will have twenty-one years of operation and invests its money accordingly.

MR. DREW: Q. What I am concerned about, and I am very glad Mr. Spence has brought this angle up because at the present time there is hardship and actual destitution in that area because of conditions over which those operators have no control, and I am seeking some suggested method by which that could be avoided in the future if there is any way of avoiding it?

THE CHAIRMAN: If I may interject, you have just made a statement of fact, Colonel, you say there is destitution in those areas caused by certain conditions, and with all due respect we have absolutely no evidence of that kind before the Committee.

MR. DREW: I will bring it if you don't know it. There was a deputation in Mr. Heenan's office two weeks ago which gave evidence to him of actual destitution and the fact that grocers in a certain area were carrying a whole community. Isn't that so, Mr. Heenan?

WITNESS: Well, that was a newspaper operator.

Q. Well, but people depending on our forest resources?

A. Well that has nothing to do with it; that is a question of proration of tonnage.

Q. It is a question that has to do with forest resources?

A. Let me explain that: I don't think you are quite clear on what we are trying to do, Colonel. We may not have done everything just right; as the Premier said the other day on the floor of the House, the man who never makes a mistake is a man who never does anything.

Q. I agree with that?

A. These men were on relief when we came into office and the delegation asked us to let them cut, direct cutting for export of pulpwood to the United States, to give them work and wages instead of relief, and we gave them that right. Now then you must not forget that we can't have it both ways, nobody can have the pie and eat it. Some people are averse to the exportation of pulpwood. The only business they could get was to cut for export of pulpwood. This Government didn't want to perpetuate the exportation of pulpwood any longer than they could help except to give relief and to have the mature timber cut, and so they gave them the right to cut from year to year for export. Now on the twenty-one year contract it is a different thing; then you cut for home industry.

Q. But you reserve the right to export in most of your recent contracts, don't you?

A. Yes; that is the way we got them to go in to build mills, gave them the right to export one in every three, or one in every four I think it is.

Q. One in every three I think it is in some of the agreements. I don't want to press the point further because possibly this would be a good point to adjourn and then I can proceed with the next question, but it does strike me that is something that this Committee should try to recommend some plan for, recognizing a public obligation to these operators who are on the area in the method of handling these large transfers of territory. I think I will leave it at that point and we can go on to the next one, and in case we should terminate this as far as the Minister is concerned, in connection with the Lake Sulphite, I want to explain I shall be proceeding next with the Pulpwood Supply?

A. The first thing you know, Colonel—I just warn you, you have warned me several times, not to put words in my mouth—I don't want you to stub your toe, because you are getting pretty near on the verge of advocating the continuing export of pulpwood.

Q. What I am dealing with, and I want it quite clearly understood, that it does strike me that, as we have something, as I take it from your remarks, like a hundred million cords of pulpwood in the Thunder Bay area, there is a travesty of public responsibility if we cannot find enough wood for anybody to cut?

A. The question is, after they cut, where do they sell it?

THE CHAIRMAN: Well, the Committee stands adjourned until to-morrow morning at 10.30.

(At 1.00 p.m. Wednesday, January 31st, 1940, the Committee adjourned until Thursday, February 1st, 1930, at 10.30 a.m.)

ELEVENTH SITTING

Parliament Buildings,
Toronto, Thursday, February 1st, 1940.

Present—Messers. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Welsh.

THE CHAIRMAN: The Committee will please come to order.

Now, Mr. Cooper, you said something about wanting to call other witnesses?

MR. COOPER: Yes, I understand Mr. Spence wants to call witnesses here this morning, Mr. Thomas Falls, and Oscar Styffe, who have come here this morning.

THE CHAIRMAN: We will call these gentlemen later on, if the Colonel gets through with the Lake Sulphite case this morning.

All right, Colonel.

HONOURABLE PETER HEENAN, recalled:

MR. DREW: Q. Mr. Heenan, at the time we changed the course of our questioning for a while to the problem of the small operators, we were dealing with the material which you had before you at the time that the decision was made to confer rights upon the Lake Sulphite Company, Limited, over 1,981 square miles of territory.

I have reviewed, so I will not repeat again the incidents which led up to that. Did it occur to you to have any enquiry made through any financial house, or through Dunn's and Bradstreet's, as to the financial standing of the Lake Sulphite Company, or as to the assurance of financial resources to carry out this undertaking?

A. No, I did not enquire into their financial standing. The Lake Sulphite Company was just about formed at that time, so that I would not regard that they had any financial standing with Bradstreet's, or anything of that character.

Q. I am referring to your statement to the Lieutenant-Governor in Council that they came adequately financed to carry out their undertaking; and I was was merely enquiring whether you had made any enquiry as to their financial standing through any of the recognized sources, and you say you did not?

A. No, they came with the names of the men, and they gave me their cheque for $50,000.00 to guarantee that they would undertake it.

Q. You did not write letters to any of these financial men to make sure that they were undertaking it?

A. No.

Q. Then, prior to the time that you stated to the Cabinet and Council that this company "brings with it a sufficiency of capital to ensure the full realization of its project," all that you had was the cheque for $50,000.00 and the statement of Mr. Sweezy?

A. And Sadler.

Q. One at a time,—the statement of Mr. Sweezy that these men, whose names he had given you, were financially interested in the enterprise, and, as I understand it, that statement was made in the presence of Mr. Sadler?

A. Yes.

Q. Then you had nothing else to show whether or not they did come forward with adequate finances to carry out their enterprise?

A. That is right.

Q. As I understand it now, the Lake Sulphite controls other than the 1,981 acres?

A. Yes, they purchased the Nipigon Corporation Company,—they purchased their stock right out. In other words, they bought it.

Q. What part did the Department find it necessary to play in connection with that? Let me anticipate that question to this extent: The Nipigon Company or Corporation were in fact in default in regard to certain aspects of their agreement, were they not?

A. Yes, they made an agreement of 1926 to build a mill of a certain capacity, which they did not do; and evidently they had made up their minds they were not going to do it, and sold their stock to the Lake Sulphite.

Q. Did that call for an Order-in-Council to approve of that sale?

A. No.

Q. Then was there some assurance given by the Department of the extension of the rights originally given to the Nipigon Company?

A. When they had the stock, we made an agreement with them, that in lieu of building a newsprint mill, they should add to their present mill and be in a position to build a newsprint mill as and when the Government directed.

MR. COOPER: On page 77 of the Report of the Minister of Lands and Forests which is in our hands, the agreement between the Nipigon Corporation and the Lake Sulphite Company is all set out.

WITNESS: You have not asked me the question, but to the best of my belief, —I do not believe that the second agreement was ever signed. The Order-in-Council was passed, but I believe they went into liquidation before it was signed. I am not quite sure about that, but that is my impression.

MR. DREW: Q. I would think from this that it had been signed?

A. I should have said "to the best of my recollection."

Q. All I can say is that in the printed report of the agreement it gives Mr. Cain's signature as a witness to all the other signatures; so I assume it was actually signed?

A. Then my recollection has not been good.

Q. And that covered what area?

A. The Nipigon Corporation limits, with the exception, of course,—not exactly the old original Corporation limits, but practically the old original Nipigon Corporation limits, with the exceptions of a small piece that was taken off to add to the Great Lakes. If you wish, I can explain the reason for that.

Q. What was the approximate area covered by that agreement?

A. The report here, Colonel, gives it as 1,397 square miles.

Q. Is that then the total holdings now of the Lake Sulphite Company?

A. This would be added to the Lake Sulphite holdings. This would be in addition.

Q. Is there any other addition to the Lake Sulphite holdings?

A. No, no more.

A. So that the total area under the control of the Lake Sulphite Company is 1,981 square miles covered by the Order-in-Council of 1937 and the 1,397 square miles covered by the agreement of the 24th July, 1937?

A. That is right.

Q. Making a total of 3,378 square miles?

A. You understand that is plus the 365 square miles which was held in reserve for three years?

Q. I understand that, but the actual area under their control, there was 1,981 square miles transferred by the Order-in-Council of February 27th, and 1,397 square miles covered by the agreement of 1937, making a total of 3,378 square miles?

A. Yes.

Q. That, then, is the 3,378 square miles, with the reserve of 365 square miles?

A. Yes.

Q. Have you the figures to show the maturity of the pulpwood on that 3,378 square miles,—I mean approximately?

A. On the area which we allowed to the Lake Sulphite, approximately 4,000,000 cords.

Q. Of mature pulpwood?

A. Yes. And on the Nipigon Corporation limits, of which the Lake Sulphite bought their stock, 3,500,000 cords.

Q. Now, what would be the annual maturing pulpwood on that area, approximately?

A. The same ratio, Colonel, that I gave you on the other, all through that district. If I remember right, in my evidence I gave it 42 per cent.

HON. MR. NIXON: That was what was ready to cut.

WITNESS: You mean the full maturity, don't you?

MR. DREW: Yes, you have now given the stand of actually matured pulpwood on this area?

A. That is the total stand.

Q. But I want an estimate of the annual increment on that area.

THE DEPUTY MINISTER: The forester tells me 200,000 cords.

THE WITNESS: 200,000 cords.

MR. DREW: Q. Now, Mr. Heenan, I want to get this so that we can get clearly how these things are arrived at.

A. I want you to take all the time you want, because I want to give you the proper answer.

Q. Now, if the total increment is 200,000 cords,—I am not now talking about the present stand, but if the increment is 200,000 cords a year, and they were putting up a mill of 200 tons, it would take a thousand days to fabricate or utilize industrially the actual increment, without taking the standing pulpwood at all, which means approximately three years supply on the basis of a 200-ton mill, instead of one year's supply. Am I not correct?

A. Yes, I believe you are correct.

Q. I want to get, then, quite clearly, because this is a company which after all is under the control of the Department, and they received 3,378 square miles. Now, for a moment disregard the fact that there is an actually matured stand of 7,500,000 cords. The increment of pulpwood alone, as I understand it, is 200,000 cords a year on that area. Two hundred thousand cords mean that there would be enough pulpwood for a thousand days operation with a 200-ton mill?

A. No.

THE CHAIRMAN: I am not sure that that is correct, Colonel.

MR. DREW: It is just a question of arithmetic, but I may be wrong.

Q. How many tons does a cord make on an average?

A. It all depends upon what you are going to manufacture. Spruce wood takes 1.2 cords to a ton of newsprint,—you can usually figure on about a ton of newsprint to a cord of wood.

Then as you go into other applications, chemical pulp runs about two cords to a ton; 2.4 cords, I believe, is the engineer's estimate of it.

Q. Have you the estimates worked out for this particular operation, as to how much you estimated that mill would need a year?

A. They were going into high grade sulphite and rayon, and of course the

other end of it, as I explained, may have to go into newsprint if and when the market requires it, under the second arrangement under which they purchased the stock of the Nipigon Corporation, Limited. That old agreement of 1926, Colonel, called for the building of a newsprint mill, and I believe they were to spend in the neighbourhood of $10,000,000.00. They were going into a 400-ton mill.

Even if they were going to build a newsprint mill to-day, I doubt whether the Government would allow them to do it. So that the market loomed up for this other product, sulphite and rayon, and the Government would much rather, and it would be my judgment that we should rather go into the sulphites or sulphates and rayon, rather than newsprint. Because what would be the use of putting another mill in, when our established mills were only operating about 50 per cent of their capacity? So that this other one is a new project altogether in Ontario, sulphites, sulphates and rayon.

THE CHAIRMAN: Q. Mr. Heenan, I believe you used the expression "high grade sulphite," and you said that in that case it took between two and 2.44 tons?

A. I am not informed now, and I recollect myself we had submitted 1.75.

Q. 1¾ cords to the ton?

A. Yes.

THE DEPUTY MINISTER: If you look at the memorandum which I prepared for the Minister, you will see I estimate 1.75; and then you have to take the 200-ton mill, and I estimate that a complete mill, 200 tons plus the 25 additional tons, would require 115,000 cords per annum, assuming that the mill would be run 300 days a year.

MR. DREW: Q. Let me get this quite clear: As I understand it, with this type of operation you estimate that you would get 1.75 tons—

THE CHAIRMAN: Cords.

Q. —that you require 1.75 cords or that you would get 1.75 tons per cord?

THE DEPUTY MINISTER: 1.75 cords equivalent to one ton of paper.

MR. DREW: How is it you estimate you only need 115 for over 200?

THE DEPUTY MINISTER: 115,000 cords.

MR. DREW: Then your broad estimate was that it would take 1.75 cords for every ton in this particular type of operation.

THE DEPUTY MINISTER: That is right.

MR. DREW: In a broad operation of this particular mill.

THE DEPUTY MINISTER: Let me explain this: In some cases you will find in some parts of the country that for the manufacture of sulphite under the chem-

ical process according to the texture of the wood it would require an additional cordage per ton, but we take the general figure of 1.75. I think you will find some parties say that "It takes 2.1 in my section of the country." Well it depends very largely upon the type and texture of the wood. We feel that the wood in that country is just about as good as most parts of the world and having that in mind we just take a general figure of 1.75 to figure out the approximate annual requirements for a 225-ton mill.

MR. DREW: Let me get this quite clearly: Quite apart from the question of the annual increment, the evidence we have is that the total stand of mature pulpwood on 3378 square miles say without the reserve was, in the one case by Order-in-Council, in the other case by agreement, placed under the control of the Lake Sulphite and that was 7,500,000 cords. Now if my arithmetic is correct a 225-ton mill, which is what is provided here, would take over fifty years to utilize only the standing pulpwood without regard to the increment at all. Isn't that right?

THE DEPUTY MINISTER: Probably so, if you did not take into consideration the fact of the obligations of the company that are held in suspense until such time as the Government requires them to put up an additional mill. I think for the moment, Colonel, you should limit yourself to the cordage that is covered by the 1981 square miles because the Nipigon Corporation Limits under a separate and distinct agreement provided that they should put up a mill of, if I recall correctly, 400 tons capacity; the original agreement, which was subsequently modified, the original agreement of 1926 provided if I recall correctly for a 400-ton mill; in other words the monthly tonnage in the Nipigon Corporation Limits was supposed to be held in reserve for the purpose of meeting the requirements of a 400-ton mill. I haven't the 1926 agreement with me.

MR. DREW: Well, but—

MR. COOPER: Just a moment, Colonel; I think I can clear this up: At page 79, in the agreement, the first paragraph it says:

> "The said company, within eighteen months of the date hereof, shall commence the construction of either a chemical pulp plant or a newsprint plant which shall consume a minimum of 100,000 cords of pulpwood per annum,", and that was in addition to whatlimits they had already contracted for.

THE DEPUTY MINISTER: Oh, absolutely. That was to meet their requirements under the original agreement of 1926 amended by this agreement.

THE CHAIRMAN: Plus the 25 tons a day extra I suppose.

THE DEPUTY MINISTER: Oh, certainly.

MR. DREW: Isn't it this, Mr. Cain, isn't the undertaking to erect a chemical pulp plant or a newsprint plant which shall consume a minimum of 100,000 cords of pulpwood per annum—isn't that in substitution of their earlier undertaking?

THE DEPUTY MINISTER: That is in substitution of their earlier undertaking

certainly; that is why I say that their requirement under the amendment to the 1926 agreement, which 1926 agreement provided for a 400-ton mill, is substituted by that, which requires them to take the minimum of 100,000 cords; that is altogether in addition to the 1981 square miles which is a separate and distinct arrangement.

MR. DREW: Yes. Then by working these two together isn't this correct, that there is an undertaking to erect a plant to consume a minimum of 100,000 cords in respect of the Nipigon Corporation area and there is an undertaking to use a minimum of 200,000 cords in respect of the 1981 square miles?

THE DEPUTY MINISTER: No, not that much, Colonel.

MR. DREW: Why?

THE DEPUTY MINISTER: Our estimate is 115,000 per annum for the 225-ton unit, that is for the 1981 equivalent.

MR. DREW: Your estimate then is that they require 115,000 cords in respect of the 1981 square miles?

THE DEPUTY MINISTER: Yes. I think they claim that they should have eight or ten thousand cords more, but that is our estimate, 115,000 cords for the 125-ton mill; in addition to the 115,000 they require 100,000 cords, a minimum, per annum to look after their agreement under the Nipigon Corporation.

MR. DREW: Right.

THE DEPUTY MINISTER: So that would be a total of 225, according to our figures, 225,000 cords per annum to look after as you say the joint obligation.

MR. DREW: So that the position is this, that the estimate that you have of the total requirements for the two operations is 225,000 cords per annum.

THE DEPUTY MINISTER: Yes.

MR. DREW: Is that correct?

THE DEPUTY MINISTER: I am sure that is right. I think my figures, Colonel, were 215,000 instead of 225.

MR. DREW: Q. Well now, Mr. Heenan, on the basis of the figures given by Mr. Cain, which are the figures which you relied upon, he estimated that the annual requirements were 215,000 cords, and according to the evidence that has been given—that is 215,000 cords per annum for the total area—that is the 1981 and the 1397, which gave 3378, or whatever it was—now then, as I work it out that means that on that basis without any regard to the increment at all it would take thirty-five years to use the standing pulpwood alone, the presently mature pulpwood?

A. The annual increment as I have it is 200,000 cords a year; the annual increment, that is to say the second growth, is 200,000 cords a year.

Q. Yes?

A. And this joint operation is 215,000 cords a year. That is to say, that is regarded under good forestry practice as an ideal situation to keep an area in perpetuity; you could say that here is a balance there, that they are just cutting the mature timber as the new growth came up.

MR. COOPER: Q. Let me ask you one question: Isn't there a wastage goes on in the mature timber whether it is cut or not?

A. Oh, yes. It gets old, matures like anything else, gets overripe.

Q. And there is a destruction goes on in the forest, a natural destruction, is that not so, Mr. Heenan?

A. Oh, there is a natural destruction, both by over-maturity and also by fire.

Q. So then when you simply take a pencil and make a mathematical calculation that wouldn't be correct without taking into consideration the natural destruction that goes on?

A. Well, no matter how you calculate it, the worst or best you can look at it, it is regarded by foresters whom I have consulted as an ideal balance as it were that you cut about as much as is growing and it is kept in perpetuity—conservation. Some of the large paper companies have that in practice so that where they cut off their limits it is just about the balance of the new increment.

MR. DREW: Q. Well, but Mr. Heenan, as I understood it—

A.—But I would suggest, Colonel, as I told you at the beginning, I am not a professional forester, these are matters that I think you should have some real evidence on.

Q. I certainly intend to have the foresters give evidence, or to ask for the evidence of the foresters, but let us keep clearly in mind what it is I am trying to get at the moment: The Cabinet in Council approved first of an Order-in-Council on February 27th which had the effect of conveying 1981 square miles to the Lake Sulphite Company?

A. 1981.

A. A subsequent Order-in-Council approved of an agreement whereby 1397 square miles which had been under the control of the Nipigon Corporation came under the control of the Lake Sulphite Company pursuant to arrangements which affected the control of the stock. So in the first place, as the responsible Minister of the Department who recommended the adoption on February 27th of an Order-in-Council which conveyed 1981 square miles and later in July recommended the approval of an agreement which meant the further acquisition of 1937 square miles, making a total of 3378 square miles, having regard to the question of departmental administration, rather than to the question of exact evidence from an expert point of view, what I am anxious to find out is what information you had at the time that you made those requests that justified a decision that this company should have 3378 square miles, and while it is

perfectly true that the forester will be able to give expert evidence which you cannot give, it seemed to me that as the responsible Minister upon whose recommendation the Council would be acting, you should be able to show us now the specific recommendation which suggested the necessity for this large area being placed under the control of this company. I have given a rather long explanation of what I have in mind?

A. In the first place, we have gone into the other, the February 27th, very thoroughly, that is the first or the original 1981 square miles, I have outlined to you how it came about and why I was justified in recommending it to the Cabinet, and that there was $50,000 deposited just in the same way as all pulp concessions have been disposed of that I can remember for the last twenty or twenty-five years; the second one is something over which I don't think the Government or the Minister has anything to do, where some company or person goes and buys stock of another company and then he comes to the Crown under that to ask what to do with it, and he put another and further deposit down, I think it was $25,000, that he would add to the original 200,000-ton mill 25,000 tons more and that he would build a newsprint mill at whatever time he was authorized to do so, there was a given time, I forget whether a year or eighteen months, after the Minister advised him that he had to go on and carry out the original agreement. You see there is a story behind all these things, Colonel, and that is why I have to talk so much. For instance, on June 8th, 1934, the late Minister passed an Order-Council that inasmuch as the newsprint market was now over-flooded—I am not quoting from the Order-in-Council, mind you; I have it here, but I am not quoting from it, these are not the words in the Order-in-Council—that it would be not desirable to go on with the newsprint mill but inasmuch as there is so much unemployment prevalent in that part of the country that he had arranged with the company, which had been endorsed by the Nipigon Village Corporation Council, that this company would add some more repairs to the old or small Nipigon ground wood mill and that that would be taken as part of the arrangement and that he would have authority, that is the Minister would be authorized, to permit the export of pulpwood from that limit over and above that which was required in the mill. So I mean that is one of these long history things where the Premier of Ontario at that time, Mr. Ferguson, and Mr. Taschereau got together and said arrangements would be made to stabilize this newsprint situation and arrangements had been made that neither one of them would go on with further development until such time as the market required it. So that in the second arrangement with the Lake Sulphite Company we would not permit them—if they came in to-day we would not permit them—to build a newsprint mill. You see, Colonel, there are companies to-day would be delighted to build newsprint mills in Canada, because of the advance or the progress in science and machinery they claim that they can go and build a mill now and operate so efficiently that they could sell the newsprint at a much lower cost. I have the cost that they talk about but I hope you will not ask me to disclose that. Well, now, there is where the Government's responsibility comes in, I think, but why would we permit some new investors to come in and build more and scientific newsprint mills and put all these other mills, and not only the mills, but communities, out of business? We have two communities now that have been dead for years: Sturgeon Falls and Espanola—have to be kept on relief because there are more efficient mills to-day in Canada to supply the needs of the market. So that the second agreement provides that he will add 25,000 tons more to his original proposition, and I believe, from memory he put twenty-five thousand—

THE DEPUTY MINISTER: Twenty-five tons per day.

WITNESS: Twenty-five tons per day; and he gave us a deposit of the $25,000 that he would do that and we took the authority that he should himself build a newsprint mill at such time as we direct, a newsprint or chemical mill or some other mill, in order to fulfill that 1926 agreement.

Q. Well, Mr. Heenan, then do I understand from that which you say, that you would not allow the construction of a newsprint mill in any event, is that the idea, at the moment?

A. Oh no, wouldn't think of it.

Q. You wouldn't think of allowing them to erect a newsprint mill?

A. At the present time? No.

Q. Then as I understood from what you just said, it was to the effect that—

A. Pardon me: And I am carrying out, Colonel, the thought and the actions of the late Government in that regard too, so that it is not my original idea.

Q. Did I gather from what you said that a lot of these companies would welcome the opportunity to do it because new methods had reduced costs? Is that it?

A. No, new investors, new companies; new companies coming in, not the same investors. For instance, the Abitibi or the M. & O. or Price Brothers or any of these, not these same fellows, but another new outfit.

Q. Did I understand from that that if these new people came in that they would have lower costs because of changes in conditions or changes in technical developments?

A. Well, that is what they claim, Colonel.

Q. Have you had any opportunity of ascertaining whether that is so or not?

A. No, I just took their word for it, what they could do.

Q. Then do I gather from that that there have been technical developments which if they were employed, according to what you have been told, would mean lower cost of production of newsprint?

A. That is what they tell me.

Q. Well, from the point of view of the necessity of competing in an international market are we justified in refusing to permit lower costs if they can be attained?

A. Well there is the other angle to it, Colonel, which I claim is a very responsible one, which is the cutting out of a lot of communities in this country.

and putting them on relief, investors who have invested their money for a great number of years, in the Abitibi alone something over a hundred million dollars.

Q. But, Mr. Heenan, as I understand it, in the general statement that you gave at the beginning if this enquiry, you pointed out that one of the great problems of the whole question of utilizing our forest resources is the fact that we are necessarily part and parcel of an international picture. That was what you pointed out, wasn't it?

A. That is right.

Q. Well, that being the case, is it sound policy to try to preserve methods that mean high costs when we must compete with people outside who will be able to make use of the lower costs. Is that sound policy?

A. No, I think that you have a very strong argument there; but at any rate there is no proposal in concrete form that has been put before us, or applications, there has just been a discussion; it might be like the Lake Sulphite, they might say they could do these things and if we would give them a limit to do it they might fall down in just the same way as the Lake Sulphite has fallen down;—when the Lake Sulphite was under discussion you could see millions of dollars being made overnight with this new concern, but it didn't happen that way, so that these are only general discussions, and apparently the late Government took the same view. I would say this, that if there was a concrete proposal put up to us we would give it very serious consideration along the very lines of the argument that you have advanced, because, and I think I have said it before in this Committee, our established industries using the natural resources of our Province will have to get their costs down if they are going to maintain their prestige or regain their prestige and compete in the world market in which I believe the competition, in my estimate, will be stronger than it is now, because if Germany or Russia ever get control over the European countries they will have slave labour, they will sacrifice anything in order to gain their way.

Q. They have slave labour now, but we know that they cannot export, at least Germany cannot at any rate?

A. Well, it will be worse than that; if you can tell me what they may—

Q. I am afraid there cannot be anything worse than the Russian situation, but I think that here we are on a point which should not be passed over at all lightly, I think that this is a very serious point; I gather from what you said that representations had been made to you—

THE CHAIRMAN: Not exactly.

MR. DREW: Let Mr. Heenan correct me if I am wrong.

Q. I gather that representations had been made to you that mills could be erected utilizing new and later scientific improvements which would produce newsprint at a lower cost than is now possible. Is that correct or incorrect?

A. Well, not representations in the way that some man or men came in and

said, "Here, can we get timber limits to build a newsprint mill?" "Well, we have got too many mills now." "Yes, but we can build a mill that will show everybody else in the world that newsprint can be produced at a much lower cost and we can get the markets and we can sell because of our low production, our low cost. "Any of them who have ever spoken to me I invariably told- "We have too many newsprint mills now and we are not going into newsprint production."

Q. But aren't these men asking you to permit them to go ahead with the plant?

A. Oh no, Colonel, just general talk that if they came in here with a proposition—

Q. In other words this was what Mr. King calls preliminary exploratory conversations?

A. Did Mr. King say that?

Q. Yes?

A. That is a good phrase.

Q. In connection with the Empire Air Plan, it wasn't a proposal, it was a preliminary exploratory conversation?

A. Yes. He phrases his words generally pretty well.

Q. Well now, have you gone into it at all, have you had enquiries made—

A. No.

Q. —from a scientific point of view as to whether or not that is a practical possibility or not?

A. No. I will tell you, Colonel, what I have generally done, as you may know. Our newsprint presidents and managers are into our offices, they come into our offices very frequently, hardly pass through from Chicago to New York but they generally stop over here in Toronto to say how do you do, or something, and have a little chat, and then they are like the Abitibi and the M. & O., we meet them very frequently, sometimes they are not on business at all, just call in, I have known them a great many years, but I think it is a habit, calling in, it has been for many years, and I have invariably said to them: "Why don't you yourselves now adopt some scientific method of manufacturing newsprint so that there will be no one who will be able to come into Canada (as we only govern Ontario, you know, we don't govern the whole country) so that no one can come into Canada and compete against you, get your costs lower? Why don't you get your own costs lower?" If you will recall, I read a letter here yesterday which if I had time to read it over I would have asked to be excused from reading part of it because it is giving our business away to people who I don't think have any right to have it, outside of Canada. But you will observe by his letter that he said that he had been cutting down his costs.

HON. MR. NIXON: Modernizing his machinery.

WITNESS: Modernizing his machinery. That mill a while ago was rated at 90,000 tons a year capacity; to-day with very little change he is now able to manufacture 113,000 tons, so that, we are not discussing that here, but, as you know, Colonel, the Minister of Lands and Forests cannot tell them to go and spend another two or three hundred thousand or half a million dollars in their plant, the directors have to do that.

Q. Well, has there been any attempt in this respect to call in experts to really find out within the Department whether it is possible to reduce the basic cost of newsprint production in this country?

A. No. We don't do that, Colonel; we leave that to the companies themselves.

Q. Well, let me take an entirely hypothetical proposition, because it seems to me we are getting down now to the real usefulness of this Committee. Suppose that it is possible that newsprint costs could be considerably reduced, is it not in the interests of the industry and the interests of labour and the interests of everyone that every effective step be taken which can be taken to reduce those costs having regard to the necessity of meeting competition in world markets?

A. It is in the interests of all, except labour.

Q. Why is it except labour?

A. Oh, because every progress that is made in the advancement of machinery displaces labour.

Q. Well, Mr. Heenan, if we succeed in reducing newsprint costs in this country to the point where we can increase the production of newsprint aren't we going to employ a lot more labour producing it in this country than we are with cutting 600,000 cords and shipping it to the United States as we are at the present time?

A. Yes, you are right there.

Q. If I am right in that isn't it wise then that there should be some consultation with experts to determine whether or not it is possible to reduce costs throughout the industry?

A. I am not so sure—

MR. COOPER: Mr. Heenan is not an expert; I don't think this witness is qualified to answer that.

WITNESS: It is a point to be considered though. I am not so sure, Colonel, but what you are right, but what the Government might take some measures along those lines to see whether we can compete, but we haven't done it, we have left that entirely to the manufacturers themselves.

MR. DREW: Q. I want to make it perfectly clear, and I would ask the press, if they are taking this down at all, to note that I have qualified my remarks;

I am not suggesting that the present newsprint mills necessarily can reduce their costs, I am not suggesting that that is so, but you have raised the point that men have come to you and have said that if new mills were now erected, with the improvement in scientific methods the costs of producing newsprint could be reduced; now I am only asking this as a hypothetical question: If it is a fact that newsprint costs could be reduced by any scientific developments which would make it easier for us to compete in the world markets would it not be wise that the Government, which is already intervening to the extent of pro-rating production, would it not be wise that the Government consider that aspect, having regard to the simple economic fact that the more industrial production we can establish here the more labour we can employ, always having regard to the certain reductions by mass methods, and so on?

A. I agree, Colonel, that you have a progressive step. Of course, after you get that one step then there is the next, you employ a very eminent engineer, for instance—this is only hypothetical too—and he analyses the whole situation in fact you have already suggested the appointment of a Research Board—

Q. Yes?

A. Whether it could be hooked up with that or not I don't know, but you have this, you have an engineer give the opinion to the Department, the Department passes that, the next step must be, naturally, if it is any good, along to the company; I have no doubt you can see what the upshot of that will be, that "the Board of Directors will not permit us to spend that amount of money and that our engineers say that these fellows' figures are all wrong"—you know engineers disagree nearly as often as lawyers do. So because of that we leave the engineering part of it entirely to the industries. But I can see the importance of it. The importance of it, Colonel, is that very fact to-day they are investing their money in the southern pine even to produce newsprint.

MR. ELLIOTT: Mr. Chairman, aren't we getting a little far afield?

THE CHAIRMAN: I think we are. If we followed that out we would come to this point, that the Department of Lands and Forests would run the mills.

MR. ELLIOTT: You might say that they could even reduce mining costs. I doubt, whether they would take the Government's advice in any industries.

HON. MR. NIXON: The mining companies have a little more capital as a rule than the pulp companies.

MR. ELLIOTT: Put it on a chain store basis.

MR. DREW: Personally, I cannot imagine anything in regard to which the Department of Land and Forests has a higher duty, because, as had already been outlined by the Minister himself, this is not a case of selling something from the shelf over the counter, it is a case of recognizing our forest resources as a continuing, lasting asset, and that it should be the function of the Department to develop the effective use of these resources in every way possible, and it seems to me that there can be nothing so important as to know whether or not the method of utilizing those resources is the best for our own use in this country. Just let me give

as an example: Already you assume control over the methods of cutting and things of that kind, even on private areas, as a matter of public protection, recognizing that this is a public asset and that no matter what private arrangements there may be those private arrangements don't destroy the public character of these forests. Now if, for instance, it were ascertained that our production costs uniformly across Canada were higher than could be established by some other method, I assume that you will agree with me, Mr. Heenan, that it would not be sound practice that we should set up some wall around this industry which would preserve high costs and in that way make it more difficult to compete in foreign markets—I think you will agree with that?

WITNESS: Oh, I agree with you absolutely.

Q. Yes. That being the case, don't you think, just to terminate this particular aspect, whether it be a research council as has been suggested or calling together a group of experts it would be very wise to ascertain whether these statements that have been made to you about the possibility of reducing costs are correct or wrong?

A. It could do a lot of good, Colonel, and it couldn't do any harm.

MR. ELLIOTT: Col. Drew made the statement the Government supervises the work of cutting. I submit they do not do that. They have regulations regarding the size of timber that may be cut, the distance from a highway, and so forth, and to carry the matter further along the line he suggests you have to have regulations governing the methods of manufacturing.

THE CHAIRMAN: I submit that this is a matter for discussion by the members of the Committee after studying the evidence. I was going to suggest, unless you wanted to proceed to another point, this might be the proper place to hear the evidence Mr. Spence wanted to call? I might point this out to the members of the Committee, that I am quite willing to hear these two gentlemen this morning, but I think in fairness we should proceed with one thing and not cut the evidence from time to time to hear witnesses on other matters.

MR. SPENCE: I agree with you entirely, Mr. Chairman, only it so happens we have these men here.

THE CHAIRMAN: Yes, as they are here, but in future I think we should try as much as possible to finish one point before we take on another point.

MR. DREW: I am certainly not going to take any objection, because yesterday while we were waiting for another thing evidence was taken that apparently can well be followed up by the evidence which is now suggested.

THE CHAIRMAN: Whom do you want?

MR. SPENCE: Mr. Styffe.

THE CHAIRMAN: Where do you come from, Mr. Styffe?

MR. STYFFE: Port Arthur.

MR. SPENCE: I spoke of "small operators," but you will notice, Mr. Chairman, that this is a big man.

OSCAR STYFFE sworn, Examined by Mr. Spence:

Q. Mr. Styffe, you are in the timber business at the head of the lakes I believe?

A. Yes sir.

Q. For how many years?

A. I have been in the timber business or connected with timber up in that country for around twenty-two or twenty-three years.

Q. Will you just speak a little louder by the way, Mr. Styffe, so that we can hear you over here?

A. About twenty-two or twenty-three years.

Q. Will you tell the Committee what your particular timber business consists of? What branches do you go into?

A. We purchase poplar from settlers in that country for export purposes and we also take out wood for local mills and we have also exported spruce to our American customers.

THE CHAIRMAN: You say you take out wood for small mills?

WITNESS: We take out for local mills.

MR. SPENCE: Q. You have a plant and outfit and equipment there, what do you say about your investment up there in plant?

A. Well, we have steam tugs, power boats, loading plants, booms, camp equipment such as trucks, tractors, sleighs, horses and equipment to handle around 600 men in the bush.

THE CHAIRMAN: Q. Mr. Styffe, do you do business under your own name or under a company name?

A. Oscar Styffe and Oscar Styffe Limited also.

MR. COOPER: Q. What would that investment be, reduced to dollars and cents?

A. Oh, close to a hundred thousand dollars.

THE CHAIRMAN: Q. That is the total investment of the company and of yourself personally?

A. Yes, sir.

MR. W. G. NIXON: Q. Do you do any manufacturing?

A. No, we do not.

MR. SPENCE: Q. But you peel wood?

A. We peel pulpwood, yes.

Q. Can you buy this spruce that you are talking about there as well as poplar? Every member of the Committee realizes you can buy poplar from the settlers there, but can you buy spruce around the head of the lakes there from the farmers?

A. No, we can't do that any more because the spruce is gone.

THE CHAIRMAN: Q. It is gone?

A. There is no more spruce supplies amongst the settlers.

Mr. SPENCE: Q. In the area around the head of the lakes?

A. No, amongst the settlers and farmers around the head of the lakes there is no spruce to supply.

Q. And where you wish to get timber so as to carry on with there are no farmers or settlers in that area to speak of?

A. No.

Q.— You said you purchased spruce mostly for export alone. Are you not purchasing this now? Are you exporting now?

A. No, we are not purchasing any spruce, because we haven't any timber to cut the spruce from.

Q. But you could sell it? There is a sale for it?

A. Yes.

Q. A ready market?

A. Oh, I could, yes.

Q. Where did you last purchase any spruce from, where did you ship it from—this area?

A. We shipped from the Jackpine River, that is the river east of Nipigon.

Q. We had some talk about that the other day?

A. In the section indicated here yesterday, take it from the Provincial Paper Company and give it to exporters and small jobbers, the spruce we had for export purposes.

Q. Could you sell that wood to local mills up in this country?

A. Yes, We have sold to local mills as well.

We got a concession there in 1935, when the deputation from the head of the lakes came down and interviewed the Minister and the Government, putting up a plea before them that it was necessary to lift the embargo on the Crown timber up in that country for giving employment to people at that time, because the conditions were very severe at the time, there was unemployment.

MR. COOPER: Q. To lift which?

A. Lift the embargo, and the deputation was headed by our member.

MR. SPENCE: Q. Mr. Cox?

A. Mr. Cox. After we presented our case before the Prime Minister and his Cabinet and after they had an opportunity to consider it they saw fit to open that area for us. In that area was four rivers. On one of these rivers was Mr. Tom Falls, who was also an operator up there the same as we are, he had been there a year before taking out wood for the Abitibi, and on the right side of us, on the Cypress River, that river was operated by Charlie Gardener.

Q. That is the lake head operator?

A. Lake head operator. Farther on in that same territory was the Gravel River, and Mr. Cox had operated that also for the Abitibi. There was only one river left and that was the Jackpine River and while that is a river that comes down from the high land, from the top of the mountain you may say there, canyons and so on, that was the only place I could go to and in order to do that I had to go in there and spend a lot of money in order to get a stick of wood out, which I did.

Q. How much did you spend?

A. Well, the first year I will say I spent about eight or nine thousand dollars building dams and cleaning the river. Unfortunately I did not get the river cleared out sufficiently the first year and, having a contract for 8-foot rough wood for export, I didn't manage to get the wood out the next summer when I was driving and in other words I was hung up, as we say in the lumberjack language. Later on in the fall when the rainy season came I got wood out but it was so late in the fall that I had considerable trouble, lost wood and so forth on the lake. That gave me quite a set-back, but the worse set-back of all was when I came down here in 1937, I think it was in February, 1937—it was 1937, yes—and I was told by the Minister of Lands and Forests, Mr. Heenan, that we had to get out of those rivers, or I had to get out, because that territory was given to a new company, there was to be a new mill erected near Nipigon. I believe I told the Minister at the time that it was quite a shock to me.

Q. That is the Lake Sulphite mill you are speaking of now?

A. It is the Lake Sulphite mill, yes; at that time I didn't know the name of it because I thought it was just in the making at the time.

MR. DREW Q. When would that be?

A. I think it was in February, 1937. I think so. 1937 they started to build the Lake Sulphite mill, I think in 1937. It was the same year just before they started.

MR. HEENAN: Q. You are not sure of your dates?

A. I am not sure of that, I don't remember.

Q. Anyway, I recall the conference but I am not sure of the date either?

A. No. So by the way I might mention this, that when we were given the rights to go in on these rivers we were given only a yearly permission, we were not told that we could stay there forever, but we were told "We will give you this right to cut for export year to year", or the understanding we got was that, when we got permission to go in there this year, for instance, it had to be done under an arrangement whereby we could go out and sell our wood, bring the contracts to the Government and let them see that we had bona fide contracts for the wood that we were going to take out. However, I might say this, that in this country where I was especially I had to keep on spending money every year.

Q. Every year, on what?

A. On fixing the river, on building dams, because the farther I got up I had to fix the river so that I could get the wood out. Finally by now I must have an investment in there—or an expense in there—of around $15,000, perhaps a little more.

THE CHAIRMAN: Q. Has any of that amount been amortized since 1935 out of your profits?

A. Yes, I will say that some has. We have taken I believe out for export purposes there around 25,000 cords, I believe it is, in the two years we were there.

MR. SPENCE: Q. How many men did you employ, before I forget?

A. I employed around five hundred men.

MR. COOPER: Q. For how long each year?

A. During the peeled wood season in the summer time, that is two months, that is the peeled wood season, five hundred men; and then in the winter when we were cutting rough wood we were also having three or four up to five hundred men at some times.

MR. DREW: Q. How many?

A. Up to five hundred men.

DR. WELSH: Q. How many men are you carrying now?

A. At the present time we are taking out wood for the Abitibi, I have about fifty men; that is besides the three or four hundred farmers that we buy wood from.

MR. W. G. NIXON: Q. Are you exporting at the present time?

A. No, we are not exporting because we haven't any timber.

MR.SPENCE: Q. That is your problem now? Is it? Or what is your problem.

A. That is our problem. If we had timber, if we could go in and take out timber on Crown lands where we were on that river, where we were before, we could put into the bush this spring five hundred men or so.

HON. MR. NIXON: Q. You are operating on Abitibi limits now for the Abitibi?

A. Yes.

MR. SPENCE: Q. Are you not operating down on this Jackpine River at present?

A. No.

Q. Did you ever operate there for the mill that is now there?

A. Yes.

Q. For the Lake Sulphite? Did you take out wood there?

A. Yes. I might say this, when the Minister told me that we had to get out of that territory he also said that this new company would look after us fellows who were on these different rivers there when they started to operate, and having that in mind of course I went to see Mr. Sweezy as soon as they had started to operate, I think it was in the month of June that very year when they started the mill, and Mr. Sweezy told me that he would rather not go in on that river because that was a tough proposition, hard river to drive, and he thought it would be very expensive wood.

DR. WELSH: Q. But you actually had some wood already cut there, had you?

A. I had some wood on that river, yes, and I told Mr. Sweezy that I would like to get a contract because I had to go in on that river to bring out what I had cut the year before. I didn't get any satisfaction from Mr. Sweezy at that time—he was taking out wood elsewhere—and later on in the fall, in November I believe it was, I finally made arrangements with him where I could go in and take out wood for them.

MR. HEENAN: Q. On the Jackpine River?

A. On that same river, yes, Jackpine River. And we made a deal with them, or I made a deal that we were to bring the wood directly to his mill, to his storage. Well, all the other contracts that he had as far as I knew at the time they were just for delivery of wood on the river and other places on other rivers, but I took a job with him to deliver the wood directly to the storage. However, on the 7th February, 1938, we were told the mill was in receivership and when we were bringing the wood out during the winter with the intention of driving it in the spring and bringing it to the mill we approached the receivers and asked what they wanted me to do, whether they wanted me to bring it to the mill storage or not, and they told me they couldn't take delivery of it, and we finally compromised in such a way that they were to leave that wood on the river behind my first dam up on the river there and they figured it would be a better storage there than to take it out in Lake Nipigon and Nipigon Bay and having nowhere to put it. So we made that deal to leave it there. For that reason of course I couldn't go back to the Government again and ask them, "Will you take the wood?" Neither last year, this last spring, I couldn't go to the Government and ask permission to go and cut peeled wood there again, because the Lake Sulphite wood was in the river.

MR. SPENCE: Q. They wouldn't which?

A. The Lake Sulphite wood that I took out for them is in the river.

Q. Oh, it is in the road?

A. Yes, it is in the road, you couldn't take it out.

HON. MR. NIXON: Still there.

MR. SPENCE: Q. Did you lose money on that? I suppose you would?

A. Yes.

Q. I asked you a while ago what was your problem now. Just so the Committee will understand, are you asking for a new area from the Government, or what?

A. Yes, that is my problem, I am asking the Government for to give me—

Q. Where?

A. I am asking for to go back to the Jackpine River and take out wood for export purposes. We have the equipment for it, we have the market for it, we would put in there probably five hundred men or more this spring.

MR. COOPER: Q. It has never been the policy of the Government, Mr. Styffe, to allow export from Crown lands? Isn't that so?

A. I beg your pardon?

Q. The Government have never allowed export from Crown lands?

A. Oh, yes. Yes, yes—pulpwood.

Q. I understood they allowed you to export the timber that you got from the settlers?

A. Well, that timber that was in the area where the settlers are, that is gone years ago and for the last ten years wood has been exported from Crown lands.

HON. MR. NIXON: Q. There is one point I am not clear on: This wood that you took out for the Lake Sulphite in 1938, you said you stored it in the river behind one of your dams?

A. Yes.

Q. And is still there?

A. Part of it is still there, yes.

A. And blocking the river?

A. It is blocking the river, yes.

But as a matter of fact I have made an arrangement myself with the Lake Sulphite this last year whereby I am taking that wood over from them and I have sold it but part of it only is already shipped, the other part is still in the river but that will come out this year so that that river will be clear.

MR. SPENCE: Q. This is the same area that you are asking for that you were operating on before?

A. Yes, it is.

Q. And you are the only one in that watershed?

A. Yes.

Q. What size area?

A. That watershed I will say it goes a little ways up in the area that belonged to the Nipigon Corporation which is now a part of the Lake Sulphite as well, I think comprises about forty or fifty square miles perhaps.

THE CHAIRMAN: Q. What would be your yearly cut on that area, Mr. Styffe?

A. Twenty to twenty-five thousand cords.

MR. SPENCE: Q. What do you estimate on that area—you say forty square miles and you cut some off it—how many years would it do you?

A. Well, it would do me probably about four or five years.

Q. I presume when you have an area like that continuously you can go out and get orders, that is local orders?

A. Yes.

Q. You know your business ahead?

A. Yes, yes.

Q. Did you give the Committee an estimate of what you think is on that area, or can you give them that?

A. I would think—I haven't cruised it, but I would think it would be around a hundred thousand cords.

Q. You say, Mr. Styffe, that there are other operators at the head of the lakes. There are many of them in the same business you are?

A. Yes. They are operating. For instance, Mr. Tom Falls, he is in practically the same fix as I am, he hasn't any timber. He has been operating on the river alongside of me and he is in the same fix.

MR. COOPER: Q. I want to make this clear: You have been in the business for a great number of years?

A. Yes.

Q. And when were you first allowed to export spruce off Crown lands?

A. We were allowed to export from Crown lands under this new arrangement in 1935.

Q. In 1935?

A. In 1935.

Q. Prior to that time you were never allowed to export, isn't that true?

A. Well I couldn't say that we were never allowed; at least I didn't export from Crown lands before, but there was wood exported from Crown lands before that time, yes.

Q. The embargo, in other words, was lifted in 1935?

A. Yes.

Q. To give you people a right to export?

A. Yes.

MR. DREW: Q. 1925 or 1935?

A. 1935.

MR. COOPER: Q. And you advocate that policy of exporting, is that so?

A. Well, I do—

MR. ELLIOTT: Q. Why?

A. I do to a certain extent. I think—well here is the situation—we have a lot of people up in that country and nothing for them to do:

MR. COOPER: Q. No employment for them?

A. No employment. And that is why we came down here that time and asked for to have the embargo lifted, so that we could employ these people, give them work instead of having them on relief.

MR. DREW: Q. But I take it you will agree that the cutting could be just as well done for Canadian mills instead of American mills if the Canadian mills were there for using pulpwood?

A. Yes.

MR. SPENCE: Q. Is there any difference in the value there for spruce pulpwood for the local mills and for export, that is wood going to the States, that is where you say you sell the wood, and our own mills up there, the Abitibi and the Great Lakes and Thunder Bay and Provincial? Can you give us any estimate?

A. Well, I would say the difference would be about double on the value as far as export wood is concerned; that is, double the value to the country as compared with the wood that is taken off for local mills.

MR. HEENAN: Q. Let me see if I get that right: Do I understand you to mean that this way—I am not so sure that you got the question right—that you would get double the price for the exported pulpwood that you would for selling the home industry? Is that what you mean?

A. No.

MR. SPENCE: Q. What?

A. I mean in order to produce wood for export the way it is handled gives us more for that wood; that is to the business, the labour. For instance it goes, according to our labour schedule, at the present time we pay $1.75 more for to produce a cord of pulpwood in the bush to the man that is cutting the wood.

MR. W. G. NIXON: Q. Is that because of barking it, mostly?

A. Yes, it is peeled in the peeling season.

Q. Have you a rossing plant?

A. No, hand peeling. So that the labour gets $1.75 or $2.00,—I think it is $2.00,—more to cut for the peeled wood than to cut a cord of the rough wood.

HON. MR. NIXON: Q. Is it more profitable to you as an operator to work on export wood than on local wood?

A. Yes, it is.

MR. DREW: Q. You do not suggest that a cord of wood exported,—talking of you, yourself,—I do not suppose you mean that a cord of wood exported brings more for the Canadian workman than it would the other way?

A. Yes, I do. It costs more to cut a cord of wood,—I am talking about the production of the wood. Then, beside that, that wood has to be handled by workmen to load it on vessels, and then piled up inside the vessels in order to ship to American ports. And that operation itself costs around $1.25 or something of that kind.

Then, beside that, we pay the ship owners who freight the wood down, and it is always Canadian bottoms we are using, and we pay them $2.25 to $2.75 to freight it down. And that is about $5.00, and that is about what the wood costs at the mill, in storage at Port Arthur.

THE CHAIRMAN: Q. Mr. Styffe, you say you have been in business for twenty-two or twenty-three years. When you started in business, were you exporting wood to the States?

A. Yes.

Q. And that was almost entirely settlers' wood?

A. Yes.

Q. And you had no difficulty at that time in getting settlers' wood?

A. Not at that time.

Pardon me, and may I say this: I have not been in business myself for 22 or 23 years, although I have been connected with those who were in the business. I have been in business for myself for 13 years, and at that time we could buy wood from settlers for the purpose of export.

Q. You could buy poplar as you buy it now, and you could buy spruce?

A. Yes.

HON. MR. HEENAN: Q. In other words, Mr. Styffe, while you have been in business for thirteen years for yourself, you have been working for other contractors in that district for the balance of that time you mention?

A. Yes.

THE CHAIRMAN: One of the reasons why you find it as it is, is that there is no more settlers' spruce, and no more settlers are coming into that land?

A. Yes.

Q. And the farms are getting cleared?

A. Yes.

Q. In other words that spruce is getting away from you?

A. Yes.

MR. SPENCE: Q. You handle it from your own standpoint as an operator and are speaking of the wood that you got extra. You do not mean to contend to the Committee here that exporting out of the country and work at the mills is not a good thing for the country, but you are referring absolutely to the bush work which you do?

A. Yes, that is right.

MR. SPENCE: I do not think anyone in Ontario could fail to own up that there is a fact there.

MR. W. G. NIXON: Q. What would be the price paid to the settler for wood for export, and for delivery to the local mills?

A. That I cannot tell you.

Q. Would you pay any more for wood that is going for export than you would per cord for wood that was going to the local mill?

A. I cannot answer that question, because there is no spruce wood going.

Q. I mean in the past?

A. I really do not know what local mills up there were paying. I think that they paid the same price to the settlers.

Q. You sold to the local mills?

A. No, I did not.

Q. I beg you pardon, I understood you to say you had?

A. No.

DR. WELSH: Q. I gather from your appearance, and so on, that you probably came from Scandinavia, did you?

A. I did, yes.

Q. From which country?

A. I came from Norway.

THE CHAIRMAN: Q. Were you born in Norway, Mr. Styffe?

A. Yes.

Q. How long have you been in Canada?

A. 33 years.

DR. WELSH: Q. Then you practically have grown up with the forest work?

A. Yes.

Q. It has been suggested to the Committee, or the point has been raised as to the competition in products of the forest, speaking of Ontario as compared with Norway and Sweden and Finland,—just what are your ideas in regard to that, why is it that we cannot compete successfully in price or cost with the production from Norway and Sweden? What are your views on that?

A. In the first place, I would say that there is a difference in the way it is handled, and that has a bearing on the situation, and there is the way that they operate and the way that timber is taken out in that country, that is different from what is done here. I believe,—I may be wrong,—that most of the timber in Norway belongs to the people, these settlers and farmers throughout the country; and then the mills buy their wood from them; and they have not got this set-up of operating in the way we do it here.

MR. DREW: Q. The settlers look upon their forests as part of their farming operations?

A. Yes.

Q. And are actually under Government control and by the commissions they are forced to reduce their cuttings to the normal amount of accretion, subject to disease and otherwise?

A. Yes.

THE CHAIRMAN: Q. Do you know that of your own knowledge, Mr. Styffe?

A. I know that of my own knowledge.

HON. MR. HEENAN: Q. Do you know, Mr. Styffe, whether they export any raw wood from Scandinavian countries to other places in the world?

A. I am not certain of that, but it was reported here a few years ago that Russia was shipping raw pulpwood.

Q. I mean from the Scandinavian countries?

A. I do not think so.

Q. I know myself, if you go over to the Old Country, that is England, you will find large piles of what they call pit props, which all come from Scandinavian countries?

A. That would be for mining companies.

MR. ELLIOTT: Q. Are labour costs much lower in Norway and Sweden than they are in Canada?

A. At the present time, I cannot very well answer you. Do you say "the paper costs"?

Q, No, the labour costs?

A. I believe the labour costs are somewhat lower.

Q. Do you know whether or not Finalnd ships raw pulpwood?

A. I am not sure, but I do not think they do.

Q. I think they do, in quite substantial quantities?

A. I could not say.

MR. DREW: Q. Since that point has been raised, and merely as a matter of information, if you can speak from your own recollection, as a matter of personal knowledge, do so; but, if not, say so, since the point has come up, is there in your opinion any reason to adopt a somewhat similar idea here to that which has been adopted in Norway, of having the forests reserved in conjunction with the settlers land, so that the settlers have that as a continuing asset? What do you say of that as a policy?

A. I think that is the policy which should be adopted here. I do not mean to say that we should do things the way they are done in Sweden, Finland and Norway at the present time. They have been working into that for perhaps a hundred years, and they have developed there, so far as timber is concerned, that it would take us a long time to bring about a condition like that here. But I do think that a system like that should be considered here and started; and the sooner the better.

Machinery should be put up to bring out something that is suitable along the lines of what they have in those countries.

Q. Unless you can confirm it, do not say so, but as I understand it, the plan is to permit the clearance of land for an adequate area for actual farming purposes, but to retain in connection with that a stand of timber which can be preserved as part of the farm group, and, in respect of the timber standing, the cutting which is allowed is only the normal annual accretion of the timber on the land?

A. Yes.

A. I do.

THE CHAIRMAN: Q. If you do that, how would you be able to exhaust all the timber on the jackpine operations in force, in four years? Would not that interfere with your operations?

A. No.

Q. You said that there was about enough timber on that area to supply you for four years?

A. Yes.

Q. And therefore you would exhaust it in four years. If we were adopting the Swedish system, you would be only allowed to take a much smaller amount of pulpwood on that area?

A. That is correct. I am taking the conditions as we have them here; but I do think it would be the proper thing to do in Ontario to develop a system of that kind.

Q. The system, if I understand it rightly, is that the settlers or the farmers, —I supplose there are farms over there by this time, too,—clear only a portion of their land, and keep the rest in timber?

A. That is right.

Q. But where there are no settlers, what then? You take that Thunder Bay district, and only a very few townships have been settled there?

A. That is right.

Q. And most of that area is still in the Crown?

A. That is right.

Q. And it would be hard to get settlers to go into many of the townships?

MR. DREW: Because a great part of it is not arable.

THE CHAIRMAN: And it is for that reason?

A. I believe there are places in Ontario, in the Thunder Bay district, where settlers could go in, not for the purpose of becoming farmers to produce farm products for the market, but to produce timber.

MR. DREW: Q. To be timber farmers?

A. To be timber farmers.

MR. W. G. NIXON: We have a lot of those already.

A. We must not take it in the way we had it here before.

MR. DREW: I am suggesting timber farmers, not timber pirates?

A. They may be called timber pirates. The finest part of the timber land in the Thunder Bay district, the timber has been murdered under that farming system plan which we have had.

Q. You say the finest part of the timber has been murdered?

A. Yes, close to the shores the timber has been absolutely cut off by the settlers. They will take all the wood, and then get out.

MR. ELLIOTT: Q. Under your plan, supposing you allow them to come in, what would they do?

A. The first thing would be to have a survey

Q. You would give the settler, I suppose, 200 acres?

A. If there was sufficient timber on 200 acres to give him perpetual work.

Q. Do you suggest that there would be?

A. On some 200 acres there would be, but on other 200's there would be nothing,

Q. Do you suggest that there would be enough timber there to give them perpetual work?

THE CHAIRMAN: Would you allow me?

Q. What is the average size of the settlers holdings in Norway?

A. One hundred and sixty acres. A settler under the new plan would have to get sufficient timber land to give him employment out of that timber.

MR. W. G. NIXON: Q. How would you police the cutting of it?

HON. MR. HEENAN: Regulate it.

MR. W. G. NIXON: We have regulations now whereby a settler is able to cut so much timber on his lot and clear so much land each year, before he can get a title to his land. This scheme which you would suggest would be the same?

A. No, it would not. He would clear a sufficient amount of the land to build his home and give sufficient farm products for his own family use and his employment in that timber, and then the Government would tell him how much timber to take out every year.

THE CHAIRMAN: Q. Have you a fair knowledge, Mr. Styffe, of the conditions at the head of the Lakes? How many acres do you think a man should be given so that, with the annual permissible cut, which I believe is the expression used, he would be able to support his family?

A. That is very difficult to tell you until you have an absolutely thorough survey. I would think around three or four hundred acres. I would think so, but that depends upon the survey which would have to be made.

MR. DREW: Q. Mr. Styffe, first of all you have got part of the country with rich arable soil and timber, and you would have a case there of clearing for actual farming purposes in addition to the timber. That would be an entirely distinct problem from the problem in a rocky area, where there would be no really arable land for farming, and where evidently the allowable cutting would be much greater than in the other. What I am asking is, what area would be sufficient to allow a continual cutting on that area and give a reasonable living for the man on that area,—is that what you are suggesting?

A. Yes.

MR. SPENCE: Q. Why do you suggest just this one area as what you want? It may not be possible for you to get this. You have already told us that this is a very difficult place to operate; and that is the place on this river where you have lost money in the past?

A. Yes.

Q. Is it because you were the only one in there, or what is the reason why you want it?

A. There is not any other area available in that country.

Q. It is the garden of Canada, as referring to timber?

A. I am referring to the little bit 18 which was taken from the Provincial limits and given to the Lake Sulphite, after we were ready to go in there. The thing was this.—I heard it referred to here as the cream,—that is the stuff that is along the shores. In my estimation, and I think I have told you here about that river that it is hilly and rocky and rough so that as a matter of fact it is not "cream" around there. But why I am asking to go in there is this: I am taking wood out in small quantities, as I told you, and I could not possibly ask you for a piece of timber up on Lake Nipigon, because I cannot take that wood out. These big companies, for instance, the Abitibi and Lake Sulphite, will take out a hundred or a hundred and fifty thousand, and they can go up on that lake and take out big quantities of timber from Lake Nipigon even cheaper than I can on that lake shore, for the simple reason that with the drive of big quantities they would have the reeving of the river in driving that 150,000 cords, less than I could with 50,000.

DR. WELSH: Q. Then I understand you that you really feel that the area along the shore, the smaller operators should be given that territory, and let the larger operators go father back?

A. Yes, that is what I feel.

MR. SPENCE: Q. And you have the thought that the larger operators should be sent farther back?

A. Yes.

THE CHAIRMAN: Does the timber along the short farther east all come down the Nipigon?

MR. SPENCE: Oh, there are rivers all around there, with operators on each one.

THE CHAIRMAN: The suggestion here has been made that the fore shore should be given to the smaller operators. Would they use the same means of bringing their lumber down as the big operators would use?

MR. SPENCE: No, the big operators would hold them up, and they want the place to themselves.

WITNESS: That is what we want. We do not want to go in and get mixed up with the bigger operators.

MR. SPENCE: That is all I have just now, Mr. Chairman. I think I brought out the problems that Mr. Styffe is up against.

WITNESS: And there is another reason why we want to stay in the area where the Lake Sulphite mill is to be erected. That little area is only about fifteen miles from where the Lake Sulphite mill is.

HON. MR. HEENAN: Q. If the export of pulpwood was cut off on Crown lands, this trouble would not arise at all,—you would not have any grievances along these lines, would you?

THE CHAIRMAN: He would not have any business, then.

A. No.

HON. MR. HEENAN: Q. In other words, the Government or the Minister could save himself a lot of trouble if he had not lifted the bann on the export of pulpwood, couldn't he?

A. Absolutely. But we had a relief outlay at Port Arthur this last year of around $200,000.00; and I believe in Fort William they had it around the same figure, $200,000.00. And if they had not had the export of pulpwood, I believe that they would have had a million dollars of relief.

HON. MR. NIXON: Q. I think you said if you had 40 or 45 years you would be through there. Do you leave a large number of small trees?

A. I would like to if we were allowed; but under the Government regulations now we are expected to cut all we can. If we can get a stick of pulpwood that has a four inch top—

THE DEPUTY MINISTER: A four inch top, but what diameter,—eighteen inches?

A. Naturally the top four feet stick or eight foot stick would be ten feet from the ground.

THE DEPUTY MINISTER: Q. You do not take off the small stuff?

A. According to regulations.

HON. MR. HEENAN: A tree a hundred years of age is a valuable thing.

MR. DREW: I thought you were going to say that "only God could make a tree."

THE CHAIRMAN: Are you all through with this witness?

MR. SPENCE: Yes.

THE CHAIRMAN: Thank you, Mr. Styffe.

Now, Mr. Falls.

DR. WELSH: We had better hear what he has to say.

MR. SPENCE: This man was originally from Manitoulin. He is an Ontario man.

THOMAS FALLS, sworn:

By MR. COOPER:

Q. Mr. Falls, I understand that you are an operator, something like the last witness, is that so?

A. Yes.

Q. How long have you been in the business?

A. I have been in that district since the fall of 1907.

Q. Which district are you referring to?

A. Thunder Bay. I moved to Port Arthur in the fall of 1907, and I have been continually in the business ever since.

Q. And are you operating at the present time?

A. Yes.

A. How many men do you employ?

A. At the present time I am operating on Jackfish River,—I am talking about export wood. I had approximately 800 men for the peeling season; I have a hundred for the rest of the fall and I have about 200 now.

Q. We are told that the export business has fallen off, due to the fact that the settlers lots are pretty well harvested?

A. Yes, that is right, that is of spruce and balsam. They are still producing some poplar.

Q. Do you share the opinion of the last witness that they should be allowed to export spruce from Crown land?

A. So far as I am concerned, you might think it was from a selfish standpoint, I would say yes. I am in the business. In 1935 we came down and put it up to the Government to try and relieve the unemployment situation up in that country; and we got a bona fide contract and good prices, and had to pay men a certain wage, and we were allowed to export. And since that, times have been much better in that part of the country.

Q. What is your problem, what recommendation do you wish to make to this Committee?

A. So far I have not had very much of a problem. I started in that part of the country, and then when the limit was turned over to the Lake Sulphite, through the agreement between the Lake Sulphite and the Government, I have been there ever since.

HON. MR. HEENAN: Q. Before it was turned over to the Lake Sulphite, it was in a similar condition, was it not, it belonged to some other company in a similar way?

A. The Provincial Paper Company.

THE CHAIRMAN: Q. What is your annual cut there, Mr. Falls?

A. For export?

Q. Yes, in that particular area in which you work?

A. In that particular area I have taken off 10,000 cords the first year, 15,000, and this year I have taken off 30,000.

MR. W. G. NIXON: Q. Do you have to pay the Lake Sulphite anything for what you cut?

A. No. Between the Lake Sulphite and the Government, the Government was kind enough to say that on account of the situation up here, and because the company was in default, they were continuing it; and between them I was allowed to stay there.

MR. COOPER: Q. Are you cutting up there for export?

A. Yes.

MR. SPENCE: And for local mills?

Q. Yes.

MR. COOPER: Q. I was wondering why you should cut for export, while Mr. Styffe could not?

A. Mr. Styffe did not make arrangements. I have arrangements with two mills which are not interfering with the other paper mills at the head of the lakes,—that is newsprint. We have to pay an extra 25 cents a cord. Mr. Styffe was quite right in talking about what you pay for the wood; when you take the cost of the peeling and the cutting and loading, there is a little more money put out into the country.

MR. COOPER: And is it not true that when you are exporting that wood, it bolsters the price which you get in this country when you sell to the local mills?

A. Yes. I am like Mr. Styffe, I would like to get something permanent. They say, what did you do with that wood that the exporters have taken off? That would notmake any difference to me if I sell to local mills and pay the Crown. I get a little more money. All that the local mills will pay you is what they can take it out for themselves.

Q. You are under license?

A. Yes, just from year to year. We were not promised anything in the first place but from year to year. What Mr. Styffe wants and what I would like is something permanent. Then, if you had something which you can do permanently, you can go to the mill and sell your wood.

MR. DREW: Q. In other words, if you have an arrangement with some assurance of security, you can make a deal without being forced to sell?

A. Yes.

MR. SPENCE: Q. And look ahead for business?

A. Yes.

Q. How large an area would you require?

A. I have an application in for the balance of what is cut on this Jackfish area. I would say approximately what is left there is probably seventy or eighty square miles, and inside of that the Lake Sulphite has already taken off, I think, 60,000 cords along the rivers through that. I think in that watershed there is about a hundred square miles in that area, in which there are 20 square miles which Mr. Clarke has, and the Lake Sulphite has taken out about 60,000 cords on the balance.

Q. How many cords do you say are left in the balance of that area?

A. I have not gone through it. Some say that there are around 200,000 cords; and others say a hundred thousand.

Q. I believe you said you were cutting 30,000 cords this year?

A. Yes.

Q. And that would last you about six or seven years?

A. Yes, or five or six years. If I was allowed to export a certain amount of my cut, the rest of the wood might go for the mills.

Q. And what about it when that was exhausted, in five or six years?

A. I might not bother any more. My hair is getting kind of white, and I might not want any more.

HON. MR. NIXON: Is that area getting somewhat obsolete?

A. When I went up there,—Mr. Spence knows the district,—I got small areas until I had about 100 square miles. I sold ties and pulpwood. Some years you could not work it.

I have been over that area practically three years. You ask about continuous cutting in the Jackpine. There are a lot of those trees three, four or five inches, and they are not cut. In some areas not half of them are cut. If you get into a swamp, there is an odd tree; in other districts you do not notice what has been cut.

In another twenty-five years you might have a pretty good cutting, or there might be cut worms or a fire through there and you might not get anything there. That comes back to what Mr. Styffe said as to settlers. A settler who has a bona fide farm says, if I could have been allowed to take off more timber, I could have had a good farm. Now a fire has come through and I have not got anything.

THE CHAIRMAN: Q. But you realize the danger if they are allowed to cut the whole thing in a year?

A. Then you get into timber pirates.

HON. MR. HEENAN: Q. Mr. Falls, do I understand you to say that you have some other areas under license?

A. Yes.

Q. It is jackpine you have been operating on?

A. Not on the Jackfish.

Q. You have some other areas under license?

A. Yes.

Q. Cannot you cut from those areas sufficient to fill your contracts?

A. No, not for export, because where it is west of there there is a rail haul, and I could not take it out, and, besides, west of that it is pretty well cleaned out by the operators.

THE CHAIRMAN: Then the Committee will adjourn until next Tuesday morning at 10.30.

(At 1.00 p.m., Thursday, February 1st, 1940, the Committee adjourned until Tuesday, February 6th, 1940, at 10.30 a.m.)

TWELFTH SITTING

Parliament Buildings
Toronto, Tuesday, February 6th, 1940.

Present:—Messrs Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence and Welsh.

THE CHAIRMAN: The Committee will please come to order.

HONOURABLE PETER HEENAN, recalled:

THE CHAIRMAN: Before Colonel Drew proceeds with the witness, I wish to read a letter which I have received from Mr. F. M. Connell, reading as follows:

"Toronto, February 1, 1940.

"The Chairman,
Timber Probe Committee,
Queen's Park,
Toronto, Ontario.

"Dear Sir:

"According to the press despatches, the Honourable Peter Heenan, in naming the backers of Lake Sulphite Pulp Company, placed my name amongst others as one of the backers.

"I wish to state that Mr. Heenan must have been misinformed, as I positively knew nothing of this enterprise during its promotion, and my only connection was that of an ordinary shareholder, my company, Connell Mining & Exploration Company, Limited, having purchased common shares at a price of $26.00 per share on April 26th, 1937, which was $4.00 per share above the underwriter's price.

"I shall be pleased if you will kindly present this letter to your Committee.

"Yours very truly,

(Signed) "F. M. Connell."

MR. SPENCE: Mr. Chairman, you remember that a few days ago we had some operators here from the Upper Lake country. Personally I am anxious, and I presume probably the members of the committee are anxious to know whether anything has been done about it. I do not know whether the Minister has been able to take care of them or not,—that is what I am particularly anxious about. There was Mr. Prettie, who was in there, and there were a couple of operators. Has anything been done, or have you been able to take care of them? Or is there any obstacle in the way?

WITNESS: Yes, this Committee is an obstacle in the way.

MR. SPENCE: I think it is an important matter.

WITNESS: Let me put it to you in this way: These operators that you speak of are all exporters, with the exception of Mr. Prettie. They are all desirous of carrying on as they have done since 1935, cutting pulpwood for export.

Generally speaking, had this Committee not been called, I would have recommended to the Government the continuance of the export of pulpwood, and allowed them to go in on the areas on which they had been before.

This Committee being called, and certain criticism having arisen with respect to the export, I did not feel that I should, in the face of this Committee sitting, give them permission to go in and cut for export. I think if I had done so, some member of the Committee, maybe the whole Committee, and probably the whole Legislature would have denounced me for continuing something that had been under survey. That is the situation at the moment.

It might be timidity on my part not to do it, but ordinarily speaking I would have allowed them to make their contracts and go on the same areas where they had been cutting before, and clean up where they had been cutting, but in the face of this Committee sitting, I did not feel that I should do it.

MR. SPENCE: It is a fact that this business is up at the head of the lakes, and there are many men up there wanting employment and have not been taken on up there yet.

THE WITNESS: I agree with you.

MR. SPENCE: The Department has been allowing it for years. All the operators up there take out timber of all types to supply the local demand.

THE WITNESS: Who do they take it out for it it is not for export?

MR. SPENCE: They take it out for the mills there.

THE WITNESS: No, the mills take out their own wood. There is nothing to prevent these operators going and taking out so many cords for their own use.

MR. SPENCE: But you are giving them no opportunity. We are trying to delve here and find out some policy so that these men may go ahead and get orders and do business We know that there is a demand, like Mr. Prettie, and, I think, Mr. Johnston,—I know that they can double or treble their business at the present time.

THE WITNESS: Oh, yes, there is Mr. Johnston, Mr. Falls, Mr. Cox, Mr. Styffe, and three, four or five more. While we have mentioned a few names, there are between half a dozen and a dozen others who want the privilege of going on these limits, and we cannot give one permission without giving it to the others.

If it is the unanimous opinion of this Committee that we should continue what we have been doing for this year,—

MR. SPENCE: How do you carry on, by Order-in-Council?

THE WITNESS: Yes, I have the Order-in-Council now.

THE CHAIRMAN: This may be a proper matter for the consideration of the Committee,—the general question. I am wondering whether we are justified in making a recommendation on special cases, when one is brought before us.

MR. DREW: I question that too. I question the frankness of the Minister in saying he is not dealing with these cases because of the Sittings of the Committee. This committee has not expressed itself. I think it is most improper that the Minister should give us, as an explanation for not doing something, the fact of this Committee sitting as the reason.

If he has decided that export is improper, let him go on the whole way and stop all export. But there is no suggestion of that. Otherwise, let him deal with the matter and not give the fictitious excuse which he has given,

MR. COOPER: I do not know that that is a fair statement. Here we are making an investigation, and we are asked to report against export. It would not be right for the Minister to go ahead and give licenses to export while we are dealing with the matter.

THE CHAIRMAN: It is possible as a Minister might practically be guilty of contempt of the Committee.

MR. SPENCE: You understand, Mr. Chairman, that this is involving quite a bit of labour. Others are doing it. The other day I understood that the Committee were in favour of that, in their opinion.

THE WITNESS: Prettie is pretty nearly fixed up.

DR. WELSH: I understood also that they took out lumber for expert as well as for local mills. That is in the one case only.

Notwithstanding what the Colonel says,—it is very difficult to please him, as to whether a man is sincere or is not, I would have continued, and I think it is proper to continue, unless this Committee rules otherwise.

Supposing the Committee was going to report against the exportation of pulpwood, and it was then found that the Minister had already guaranteed to these men that they could go on and cut a hundred, hundred and fifty or two hundred thousand cords of pulpwood, would not the Colonel say it was an insult to the Committee?

MR. SPENCE: Mr. Styffe was asked by the Chairman:

"Q. You say you take out wood for small mills?

WITNESS: We take out for local mills."

The point is that they can go out there and get the business.

THE WITNESS: I do not know whether it is my fault for not making myself understood, or your fault for not understanding me.

In Mr. Prettie's case he was going to make arrangements for timber for a local mill at Nipigon, and he was prepared to take out timber for lumber and other purposes; and I said the other day, and I am carrying it out as soon as I got an understanding of the whole of the arrangement, which I did not get until we were sitting here.

Now, Mr. Prettie and these other men want to go ahead and cut for export.

DR. WELSH: And Mr. Styffe says he is going to cut for local mills?

THE WITNESS: Mr. Styffe would be going in, assuming that his evidence is correct, and what local mill is he going to take it out for? Is he going to cut on one company's property to take it off for another company?

MR. SPENCE: I do not know just what mill he is taking it out for, but he will get orders if he is given the timber; then he would have something to work on.

You speak of Mr. Prettie, and he is now fixed up for the emergent timber, but has he got timber which would give his industry permanency, which is important for the war effort for the Empire? It seems that anyone can get good large orders now if they have the timber and can give the service.

THE WITNESS: It takes time. For instance, Mr. Prettie told us that he wanted to take out timber for the plant at Port Arthur, but it was intermingled with other timber, and it was arranged here and in my office that if that was so, we would arrange that they take out his timber along with the timber for the mill, at the same time, or that he would take out the timber that he wants and also the timber for the mill, at the same time.

Now it turns out that we have had to consult our local office on the ground, and if this timber that is to be taken out, what price would be suggested. Now we find that there is timber distinct and separate from the pulpwood that we can let Mr. Prettie go in on; and, as I said, Mr. Prettie's case is pretty well fixed up.

But in the case of the other people, Styffe and Falls, they are not permitted to go in now, and I do not like to let them go in now and cut for export, in view of the fact that I do not know what this Committee is going to recommend.

MR. SPENCE: With all the others exporting, you could realize how anxious I am to get the work for the district. I thought it was a recommendation of this Committee that, in particular in regard to Mr. Falls and Mr. Styffe, who gave

evidence here, that they were in favour of their going in there and taking the timber out to give work.

THE WITNESS: If that is done, then you give timber to those who come before the Committee, but if others do not come before the Committee they do not get it.

If there is no objection from the Committee, I will arrange to continue just as we have been doing.

MR. SPENCE: There certainly is no objection to such a recommendation, on my part.

MR. DREW: Let me make this clear, Mr. Chairman. I had not until this morning assumed that Mr. Heenan was so impressed with everything that was suggested before this Committee that he was going to revise the methods in the Department subject to every suggestion made—

THE CHAIRMAN: I do not think the witness said that, exactly.

MR. DREW: Then what I would suggest is that, instead of making excuses connected with this Committee, that he conduct the affairs of his Department in the way that he deems best, in the meantine. Nothing has been done here on this Committee which would limit the powers of the Department. If there were to be, I would recommend some way by which it might be done. I have never heard anything in the Committee which suggests that the ordinary working of the department should be paralyzed.

THE WITNESS: I am learning by experience. I remember once that there was a Royal Commission investigating the timber resources of this province, and while the Committee was sitting there was some timber disposed of; and the Committee did not do a thing to the Government for insulting the Royal Commission while it was sitting on the question.

MR. SPENCE: This is not that committee.

THE WITNESS: Of course this is a more broadminded committee.

MR. DREW: Then the Department dealt with over three thousand acres of public domain with surprising informality, and yet that same department, with the same administrative head, about making arrangement with a small operator, nevertheless, is having more difficulty put in the way of employment than there was in the case of a dormant company.

Upon export, whether I have one opinion and the Committee has another opinion is a matter for the Committee's report. We have heard very little evidence yet. At the moment, I can think of nothing more upsetting than the suggestion that while the export is continuing, under the arrangement for export of hundreds of thousands of logs, it can be suggested that the Committee can interfere with the normal operations of these operators, which, in my opinion, are of immensely greater importance than a dormant company.

If Mr. Heenan thinks his hands are being tied by this committee, I think the time has come when he will know his hands are free.

THE WITNESS: If that is the view of the Committee, I will conduct myself accordingly.

MR. SPENCE: There are two or three hundred men not working now.

HON. MR. NIXON: Mr. Falls is carrying on in a normal way?

THE WITNESS: Mr. Nixon, in this Department things are not done to-day and finished to-morrow. Men come and make application, and we have to look over the timber. Then we have to see that one is not cutting the other's throat by unethical methods of competition.

I have not said of these men that we will not continue export, but I have not said that we would, in view of the fact that this Committee is sitting. I do not know what you will recommend.

THE CHAIRMAN: Now let us proceed with our ordinary business, Colonel.

MR. DREW: Q. Mr. Heenan, have you figures for the export of timber from the area controlled by the Lake Sulphite during the period of their existence as a company?

A. Do you mean the timber or the pulpwood that the company themselves exported, or that somebody exported from their territory?

Q. That has been exported from the territory that they control.

A. I do not think we have the companies separated, Colonel, but we can get that for you.

Q. Well, what I mean is this: After all, I recognize that both during the period that preceded bankruptcy and afterwards, there were certain contracts necessarily made for export, independent of the direct operations of the Lake Sulphite company itself. I was merely anxious to ascertain what the figures of export are from the area covered by the Lake Sulphite. I presume you have it in the Department?

A. I have it in mind, but I do not think we have it separated. The Deputy Minister informs me he can get it very quickly.

I do not know whether this is what you mean: The Lake Sulphite Company themselves cut in the neighbourhood of 130,000 cords for their own use in the mill, contemplating that they would need it when the mill was finished. Inasmuch as that lumber was deteriorating and they owed the bank half a million dollars,—I think it was about $500,000.00 or $600,000.00,—we permitted the Receiver to sell that pulpwood for export, so as to raise sufficient money to pay off the indebtedness to the bank. That is all I can give you of a concrete nature.

Now, there were other operators in there cutting on those limits for export, and we can give you that very shortly.

HON. MR. NIXON: Q. The Company's own wood, is that all sold for export?

A. All except something about 15,000 cords which were required for this little mill at Nipigon.

Q. I understood Mr. Styffe to say that some of it was still back of his dam?

A. It is held back and they are waiting for the spring freshets to get it out.

Does that answer your question, Colonel?

MR. DREW: Yes, but I would like to get the figures.

THE DEPUTY MINISTER: Do you mean from the time of the incorporation of the company until the present time,—just so that I will understand the point?

MR. DREW: Yes, after all, the Lake Sulphite Company assumed control of that area, as I understand it, from the spring of 1937. The Order-in-Council conveying 1,981 square miles was signed on February 27th, and then there was a later agreement in regard to the conveyance of the other area, which brought the total up to 3,300 square miles. Actually, I want the figures from the time that they assumed control of that area in the spring of 1937.

THE DEPUTY MINISTER: Between the time that they acquired the right and the time they became incorporated, certain cordage was cut. They had no right to cut. The wood is cut in one season and exported in another.

MR. DREW: Was it cut and exported by them?

THE DEPUTY MINISTER: Oh, no, by other parties.

MR. DREW: I can see that the earlier figures would be confusing. Let us have the later figures. I think perhaps the most convenient method would be to mark an exhibit in blank now, and then the figures may be put in on it, when they are ready.

THE CHAIRMAN: Exhibit No. 18 will be a Statement of the pulpwood cut for export and actually exported on the Lake Sulphite limits during the season of 1938 and 1939.

EXHIBIT NO. 18—To be filed by Hon. Mr. Heenan: A Statement of the pulpwood cut for export, and actually exported, on the Lake Sulphite limits during the season of 1938 and 1939.

MR. DREW: Q. Mr. Heenan, what is nature of the activity going on at the moment, if any, on the areas controlled by the Lake Sulphite Company?

A. Will you give me that again, Colonel?

Q. What activity is there at the present time on the properties under the control of the Lake Sulphite Company?

A. I do not think there are any. Not that I know of. The only one I can recall, Colonel, is Mr. Don Clark, of Port Arthur, who secured from the International Paper Company, before Sweezy or the Lake Sulphite Company got the area,—he had a small corner upon which he was permitted to cut 200,000 cords in fifteen years for export. That was an agreement reached between the International Paper Company, who held the Nipigon Corporation at that time, and Mr. Don Clark of Port Arthur.

Q. Is there not a mill at Nipigon operating that under the control—

A. Oh, pardon me, that is on the other limit. I was thinking of the Lake Sulphite. The Nipigon mill is a small mill of eighty tons, eighty tons of down wood; that mill is operating at Nipigon. They are not and have not been cutting for that mill. They have purchased some of this wood that had been cut for the Lake Sulphite mill proper, and that is the mill which Mr. Prettie was talking about the other day, that a contractor could take out some more pulpwood for that mill, and take out his timber at the same time.

At any rate, there is no cutting going on at this moment except by Mr. Don Clark of Port Arthur.

Q. Under what arrangement is that Nipigon mill operating,—who controls its operation at the present time?

A. The English River Pulp and Paper Company had been organized to build a mill in 1937 at Kenora, and which company never started to build. They have asked me, if they resurrected the Lake Sulphite and refinanced it, would we excuse them from carrying out their agreement to build at Kenora? And I said, so far as I was concerned, yes.

They have been trying to refinance the Lake Sulphite with American capital.

Q. That is the English River Company?

A. The English River. And lately,—I do not know how many months back, but lately they leased from the Trustee of the Lake Sulphite Company this small mill, on some arrangement between themselves as to the amount of the rental, for, I think, six months' contract. And that is the company that is now operating the Nipigon Corporation mill at Nipigon.

In other words, I take it that if they finally finance the Lake Sulphite, they will continue on with the small mill. If they do not finally finance that company, they will probably give it up.

Q. Then is their operation simply an operation of this mill?

A. That is all.

Q. They have not acquired any rights to any of the area of the Lake Sulphite?

A. No—none whatsoever.

Q. That is, the company which on the 23rd August, 1937, undertook to build a mill which would cost a total of $7,000,000—

A. That is right.

Q. And they didn't build that mill, did they?

A. That is right.

Q. The mill was to have been completed by what date?

A. 1938, isn't it? To build the logging railroad and a mill.

Q. Well then, just to get this clearly, as I see it, and correct me if I don't condense this in the way you understand it, under the agreement made on the 23rd August, 1937, the English River Pulp & Paper Company undertook to expend seven million of dollars, five millions of which was to be for the erection of a mill with a minimum capacity of 200 tons daily and two millions of which was for the construction of a railway, and those undertakings were part of the consideration which the company offered for the contract? That is correct, isn't it?

A. Yes, sir.

Q. Was any start at any time made either on the construction of this mill or on the construction of the railway?

A. No. No start was made. The only thing that they did was to engage airplanes to survey the territory. If you recall, Colonel, the map, and which Mr. Cain explained to you here very thoroughly, away back on the Patricia area the rivers run towards James Bay, upon which no Government had ever made any very detailed survey because it was uneconomical to take timber out, and the first thing those people did was to build a railroad and take the timber back against the rivers, and that is why instead of building a railroad in there—they would have to build a railroad in to a place called Lount Lake before they could get any timber to float to any central point—(That is not on that map, Mr. Chairman.) So that that company didn't do anything except the expense in connection with the surveying and whatever they had to do in the formation of the company, and then when Lake Sulphite went into receivership and Mr. Donaldson asked me, if he was successful in refinancing and starting the Lake Sulphite would they excuse him from the undertaking of the English River, naturally I said yes, notwithstanding the fact I would rather see him spend his money in Kenora than at the head of the lakes, but I would rather see Lake Sulphite start than anything else that I know of right now.

Q. Well then, the only reason I am bringing this up in regard to the English River Pulp & Paper Company is that it arose from the questions as to whether there was any actual operation on the property of the Lake Sulphite Company.

A. Yes.

Q. And as I understand it then the only operation on the property of the Lake Sulphite Company at the moment is the operation of the ground wood mill at Nipigon by the English River Pulp & Paper Company?

A. That is right.

Q. And the English River Pulp & Paper Company in turn has an agreement under which it was to have commenced work not later than January 1st, 1938, on the construction—no, I am wrong—it was to have started work on or before the 1st day of September, 1938, on the construction and erection of a pulp mill or of a newsprint mill to reach a total cost of five millions of dollars, and what took place when you found that they had not started to erect a mill by the 1st September, 1938?

A. Nothing took place. It is in default now. We can cancel at any time.

Q. Mr. Heenan, I only take this as what you might call a clinical case: Here we have another case which has arisen—and I don't want to break the line of our general discussion, but it has come in here so we might as well follow it through—here is a company which undertook to expend seven millions of dollars, five millions on a mill and two millions on a railway, and two and a half years have passed since the agreement was made and nothing has been done of any kind, so far as I am informed, and you agree with that, I understand—?

A. That is right.

Q. There is no question about that, nothing has been done either in regard to the construction of the mill or the construction of a railway. Now, without dealing with this in any way as a matter of personal responsibility, it does seem to me that this is a situation which is something that needs enquiry and very thorough enquiry by this Committee. It appears that so far as the north country is concerned arrangement after arrangement is made in which there is an undertaking to expend a large sum of money for the erection of a mill and in some cases construction of railways or other incidental rights such as the improvement of waterways and so on; the uniform arrangement seems to be that these companies put up $50,000 by way of a deposit, which I think you will agree is a very small total payment having regard to the potential value of these areas and also, usually, the amount they undertake to expend; now what disturbs me is the fact that these agreements are made, obviously the only consideration of any importance given by the companies engaged for the large areas which they control is the promise to build a mill and construct railways or to do other work under the agreement, and yet during the period that the agreement operates they also have the right to export under favourable terms? That is so, isn't it?

A. I believe that is right, but of course that company did not export any.

Q. This company has not exported at all?

A. No.

Q. Not at all?

A. No, they have not exported a cord.

Q. In most of these agreements I find as an incident to the agreement there is a provision for export under very favourable terms?

A. There is in that one, too, but they have not exported any.

Q. There is in this case but, as you say, they have not exported, but some of the other companies have?

A. That is right.

Q. Having regard to what has happened in this case and taking this more or less as a test case, have you any suggestion of a way in which we could get down to a more businesslike basis of awarding these contracts and assuring their fulfilment?

A. Colonel, if I had the cure for that I wouldn't be sitting in this Government; I can assure you if you have a cure you ought to be the head of this Government.

Q. Perhaps I may suggest other qualifications as well before we are through?

A. And, now, I am just as anxious to see a cure for that as you are, so if I go back into the history a little while it is only to relate to these things which happened unfortunately. There have been areas set aside for men,—oh, promoters—who the Government figured would be able to promote and finance industrial enterprises in Ontario. There have been areas put up for sale and the highest bidder has secured them and in each and every instance—not in each and every instance, but in many of these instances they fell by the wayside; some of them got their buildings half up, like the Lake Sulphite, went into bankruptcy, refinanced and went into bankruptcy again after they got going. I am not the man to ask for that cure. For instance, in 1937 the price of sulphites and sulphates went away up, I think at the time that we made those agreements it was somewhere around about $65 a ton, early in 1938 or at the fall of 1937 it flopped down and I think it was somewhere around about $27 a ton. Men will invest their money thinking that there is a growing business there, a growing demand, they invest their money and they find that they cannot make it pay, and so they let it go. If I could only tell you, Colonel, how to save any concern, even a lawyer's firm, from going into bankruptcy to-morrow I wouldn't work for Mr. Hepburn for the salary he is paying me. The only solution that I see of it is to not dispose of any timber to anyone of this magnitude unless you know that they are able to say "Here are so many million dollars we have raised and we are putting it in a trust fund or in a bank to be spent on that development." Now where you can get someone to go out, without an agreement from the Crown, and raise four, five, or ten or fifteen, or in the case of Spruce Falls about thirty million dollars, without first having an agreement from the Crown, I don't know. I have no solution to that, Colonel, I don't know.

Q. MR. DREW: Q. No, but I am just looking at this case which has arisen here, which has arisen in the line of the general question, and just to follow it through slightly for the moment, what strikes me is this: In most Government Departments when a contract is made which calls for the fulfilment of certain obligations an attempt is made to get a bond which will assure the fulfilment of that contract by the other party to the contract. Now, I grant that in cases which arise the bond may not always be adequate, but let us take, for instance, in the case of the construction of highways—and I am not suggesting for a moment the

two are parallel, but there is some similarity in this respect, that the man who gets the contract to build a highway undertakes to do a certain thing, for which of course he is to be paid in a different way than in this kind, and before he is awarded that contract, no matter what his price may be, he must provide a bond which in the opinion of the Department assures his fulfilment of that undertaking —that is correct, isn't it?

A. Yes.

Q. Now I agree with you that before financing could be carried out it would be necessary to base the financing upon an agreement, but what does strike me in regard to the Lake Sulphite, and then in turn in regard to the English River Pulp & Paper Company which has now come in as incidental to the Lake Sulphite question, $50,000 is put up as the money evidencing good faith in carrying out an undertaking which involves the obligation to expend many millions of dollars—in the case of English River Pulp & Paper Company they undertook to spend seven millions of dollars on certain work, which would have called for a very considerable employment of labour, and yet nothing whatsoever has been done to carry out that obligation; I am not saying that there may not be circumstances which explain that, but what I am getting at is this: There is a large area under the control of this company in the meantime excluded from ordinary competition and, according to the evidence here, excluded from cutting by the small operators to a considerable extent—not in this case?

A. No, it is too far beyond.

Q. Too far away. Well, in many that would be the case. It does seem to me that one of the first considerations would be to get some real assurance that the company has already conceived a plan of financing which will be able to carry out the object for which the agreement is signed. Don't you think that something of that kind is desirable?

A. Well, Colonel, I have thought that over many times. In fact, up in Mr. Cooper's riding—I don't think Mr. Cooper knew even anything about it—there were some Americans came over after the Lake Sulphite went into receivership and we had an agreement all ready, we had an area set aside for them, and I made it conditional that they (as I outlined a little while ago) show me the $6,000,000 and place it in a trust fund so as to enable them to complete the mill and that money should not be withdrawn for any other purpose. They undertook that, or undertook to do that. They came back two or three times and they said they could get two millions but they couldn't get six. And so we went along and they finally didn't put the money up and they went away and didn't come back again.

I feel half certain that had we agreed with those fellows that they could have got their money in the United States (they were Americans) and that we might have had a mill up there, but I didn't want two Lake Sulphites, I wanted one going before I attempted to make another. So that if you insist that the money should be there in a position where the Minister or the Prime Minister or somebody else knows it is there and knows it has been raised, then you are only working towards a monopoly, that only the man who has large amounts of money can go into this business. Mind you, I am not discounting what you suggest, Colonel,

only I am trying to reason out the question to see whether we should do any more than we are doing.

In the English River affair, for instance, that is timber that no one had ever thought about going back to get, but here was a man so sanguine that he could make it go that he put $50,000 down by his cheque, but he didn't make it go. The Government is not any worse off. We have that $50,000 and we have the timber yet; we can sell it to-morrow. If anybody here in this room or within the hearing of my voice can get somebody to go out and put another $50,000 down and undertake the same development I will recommend it to the Government.

Q. As in the case of the Lake Sulphite?

A. Yes.

Q. Would you say that with regard to the Lake Sulphite?

A. Yes.

Q. Well, but Mr. Heenan, just let us follow through from my point: In the case of the Lake Sulphite it cannot be reduced to that. The Government has got $50,000?

A. I beg your pardon. You shouldn't connect English River up with Lake Sulphite, because there is about four and a half million invested in Lake Sulphite; in the English River there is no money invested in that at all.

Q. There is no money?

A. Just the $50,000, but naturally—

THE CHAIRMAN: Q. Mr. Heenan, you say there is no money invested: The company has not spent any money towards building the railway and the mill?

A. That is right.

Q. But they may have sold some shares, you don't know about that?

A. No.

MR. DREW: Q. Well then, to take the case of the Lake Sulphite, you say that you would recommend that again in the case of the Lake Sulphite?

A. Yes. I have said to the receiver that unless some wise attempt is made to refinance this company shortly I would consider recommending to the Government taking back not only the limits but the buildings as well for the money that they now owe the Government.

Q. What money do they owe the Government?

A. I think around about a quarter of a million for fire protection charges and things of that character.

THE DEPUTY MINISTER: Much less than that.

WITNESS: Much less? The Deputy says much less than that; it has been reduced, you see, because as they sell this export pulpwood, they pay.

Q. Even if it is substantially less than that the Government doesn't come off very well if it gets $50,000 and spends some $250,000 in fire protection, does it?

THE CHAIRMAN: Oh no, no, no; let us get this clear.

WITNESS: We will surely get the buildings for that.

MR. DREW: Q. That is what you threatened to do, was to take over the buildings.

THE CHAIRMAN: I want to correct some things that are wrong. I don't believe Mr. Heenan said that the Government paid $250,000 for fire protection, but the charges, if my recollection is correct, are six-forty per mile per year, which would amount to about $20,000 a year in this case.

WITNESS: Well, I said "Fire protection and other things."

THE CHAIRMAN: Q. And other things, yes?

A. That is with the cutting of the pulpwood.

MR. COOPER: Q. But that money is not lost in the company; if it were not under that agreement the Government would be looking after the fire protection anyway?

A. Oh no, it is not lost, for the reason it is a charge to any company refinancing, they now owe the Government that amount of money.

Q. If this company had never taken the limits the Government would have to protect those limits anyway?

A. Protect them from fire anyway.

MR. SPENCE: Q. In regard to the prospects of these people who say they are going to sell these products, don't the Government know whether they are going to sell the products, when they contract over the period of a great many years? Why doesn't this proration scheme interfere with that when it is found they cannot carry out the law of supply and demand?

A. The proration scheme doesn't enter into anything other than newsprint.

You see, Colonel, let me explain to you at that time what we were up against; maybe that would ease your mind—this is something that doesn't happen every year or during the life of every Government: The demand for all species of material made out of every kind or species of wood was growing both in the United States and in England, and all over the world—

THE CHAIRMAN: May we have a little quiet here, please; we cannot hear the witness.

WITNESS: The imports into the United States were growing by leaps and bounds from Scandinavian countries, the prices were rising, there was talk through the press and otherwise of over $100,000,000 going down to the Southern States and of the United States Government lending one corporation about three and a half million dollars to build a mill. All this going on was and there was what you might call a rush—whether you would call it a Klondike rush or what, I don't know—but I thought, at least, that we should get some of that development and I talked to these men that we could provide better timber, just as cheap electricity—not as cheap labour of course—but as good transportation as they could get in any other part of the world, with Lake Superior at our door, and so these men were willing to gamble to the extent of $50,000 and I was willing to gamble with them as it were because we were not losing anything, we got the $50,000 of each one of them and we have our timber.

Now the Lake Sulphite was the first to start, and I might say on behalf of the Lake Sulphite that it was the first mill in Canada—in Ontario, I should say—that ever started within a reasonable time after they got their contract. I gave evidence here the other day where there were some contracts made and the mills were not started to be built for eight years—you have one, Mr. Spence, in your riding; I have one in Kenora, the Sault Ste. Marie, and all through the province, which didn't start for many years afterwards. Lake Sulphite started, and it may have started too soon, I don't know, that is something you may investigate if you wish, but at any rate they started before even their agreement called for them to start and they spent about four and a half millions of dollars. Then everything went blank; the price went bad, the demand was not so great, and everybody cooled off. So that, I am not giving that as an excuse, I am giving that as the reason that there was an opportunity, I thought, to get money to develop our natural resources in Ontario rather than have it go down to the Southern Pine or any place else. Donaldson, now, is a man who was at the head of a great firm in the United States, he is a Canadian, a man whom I had confidence in—I have confidence in him yet—and if there is any one man in Canada who will be able to get the Lake Sulphite going he is, because of his connections in the United States with men in that business.

MR. DREW: Q. I happen to know him and have very considerable confidence in him myself.

A. Oh, I didn't know that you knew him.

Q. Yes.

A. So that if he falls down I don't know where we are going to get any development then, we will have to export it all.

Now then the Lake Sulphite condition, they had a man as the engineering head of it, Mr. Sadler, who was vice-president of the company, who has built mills in Finland, St. John and various parts of this country (he was on the agreement) all operating at a profit to-day, and he was the head engineer of the whole situation; there were men behind this scheme, at least there were men who raised

money to the extent of four and a half million dollars, then the rest of it was all engineering.

Q. But that was done by public financing?

A. Well, public financing, yes, but in this way, Colonel, if I went out—or at least if you went out it would be better than I—and got half a dozen people to put up say $2,000,000 and you actually put it up, no matter whether you put it up through stock or some other way, I would say that was pretty well private too; there was the assurance the money was there and they got it, that is the answer to it. And another thing, if we wanted to put it on that plane—I don't want to put it on this plane—the Government in my estimation is better off now than if we had left things alone in connection with the Lake Sulphite. That may be a strange statement to make, but it is true because we have got not only the timber back that we alloted to them in the first agreement but we have got the timber from the Nipigon Corporation Limit that he had purchased, those two limits, and we have—and I hate to say this—the expenditure of about four and a half million dollars up in the Port Arthur riding which relieved the employment situation at that time. Now that is putting it in its lowest atmosphere, so that the Crown is not out anything, the only people who are out—and it is too bad, because they were good Canadians who wanted to develop Canadian industries—were the men who put their money in. If you look at the names that I gave you the other day—I hate to look at them myself now—you will see that there are men's names in there the owners of which know more about the north country than all the bunch of us put together.

Q. Yes, but, Mr. Heenan, the names you gave were the names of men that were given to you by Mr. Sweezy, there was no evidence before you as to what their participation was; in fact we already have one letter on file here now from one of these men that he had nothing to do with the promotion or the financing at all that he came in to this company as one of the public who invested on the basis of assurances with which they afterwards apparently had no reason to be particularly satisfied?

A. Well, I am not going to argue that point, Colonel, but doesn't it occur to you as a legal man that if Mr. Sweezy gave me the name of a man who was going to put so many dollars in and he actually put that in, whether he gave that to Sweezy at the moment or put it in through stock, there must have been some discussion between them at some time?

Q. I would think that most people would have asked for some definite evidence of what their interest was rather than just a general statement that they were interested in the financing of the company, that is the point that I am getting at?

A. Well it is unfortunate, Colonel.

Q. After all, Mr. Heenan, this is a case where a large sum of money was, obviously, going to be called for by the financing that was adopted and it does seem to me that one needs to find some way in which the Government would try to—this Government or any other Government—would try to prevent public financing of this nature which collapsed so quickly even before the mill itself was completed?

A. Well, Colonel, here is the answer, now how are you going to overcome this? Here is an issue of the stock of the Lake Sulphite based on the agreement with the Crown for the timber limit, no value attached to the timber limits whatever, and they went into bankruptcy. In their report I understand they had it valued, as Mr. Sweezy told me they would, at one dollar. And then you have here the fifty million dollars of the Abitibi lands: "Timber limits as revalued in 1927, undeveloped water powers, $51,603, 565.92"; that went out to the public and they said that this was the value of their timber and they raised $50,000,000. This man went out and he didn't value his timber at anything—a dollar. Those men who put their money in those things are surely business men, and they must be business men to be able to put their signatures to cheques of that denomination required in these things, they must know what they are doing. I don't know how to prevent men putting their money in there, and I believe there are not enough Canadians to put in our own development.

MR. SPENCE: Q. There is no supervision at all from the Department?

A. We have no supervision whatever, Mr. Spence. We have, of course, now the Securities—

Q. No hope for these contractors who took the contracts there and are in receivership now?

A. What contractors?

Q. At the head of the lakes—subcontractors?

A. Well, they all got paid.

MR. SPENCE: Oh, no; some of them lost thousands.

MR. DREW: Q. Mr. Heenan, in the case of the operation then on the Lake Sulphite property at Nipigon, are they exporting pulpwood from there now, from the Nipigon mill?

A. No. It is all being ground in the small mill.

Q. It is all being ground right there?

A. Yes.

Q. So that it is a local operation?

A. Yes.

Q. Was any agreement between the company and the English River Company submitted to you as the basis for that arrangement?

A. Well, I knew what they were talking; they wanted me to endorse it and I wouldn't endorse it, I wouldn't make the Government a party to it.

Q. But the arrangement was made with the receiver?

A. With the receiver and the English River Company.

MR. SPENCE: Q. You have salvaged all the wood that was in the streams up there?

A. No, I think there are a few hundred cords left yet that we couldn't get out, they couldn't get it out but they will get it out this freshet this spring.

Q. That will be distress wood. You can export that?

A. Yes.

MR. COOPER: Q. Mr. Heenan, I have been glancing through the conditions of that agreement, and isn't it true that the Lake Sulphite Company have lived up to every obligation under their agreement up to the time that they went into liquidation?

A. Oh, absolutely.

MR. DREW: Q. And that was how long ago?

MR. COOPER: Q. When did they go into liquidation? February '38?

A. I don't know.

MR. DRAPER: February '38.

WITNESS: We didn't want to look at that date, Colonel, that is the one thing we don't like to do—a good statesman looks ahead, he never looks back.

MR. DREW: Q. What is the status of the agreement with the Lake Sulphite at the present time?

A. With the Crown, you mean?

Q. Yes?

A. Well the status, of course, they are in default.

Q. Yes?

A. And we have just left it there because of the fact that the receiver and many others have told me from time to time, and I have been waiting every month for this last over a year now, that it is going to be refinanced, "It will be finished up next week," "It will be finished up next week," and they were over here again last Saturday and had to go to New York again on Saturday night or Sunday for some further reports—you see they are having engineers' reports to various people, I think, there are two or three concerns doing it, and they are not going to take any previous engineers' reports that are laid down now by the old Lake Sulphite Company, they are having their own engineers look over it; there is one of the most efficient engineers in the United States has been up there making report on it, Harry Ferguson, New York, who is consultant for nearly all the large

successful paper mills, so that my understanding of it, Colonel, is, to answer your question, so far as the company is concerned there are good prospects of it being refinanced.

MR. COOPER: Q. The Government are really marking time?

A. So far as the Government is concerned, we are giving them all the latitude that is reasonable.

HON. MR. NIXON: Q. What is the market condition now for its product?

A. The market is now rising again.

Q. You said when it was first undertaken the market was about $65 and then it dropped to $27?

A. Yes, and it is up again now; I don't know what, but it is encouraging anyway; I believe it is $35 just at the moment, if I remember right, but this is only guesswork.

MR. DREW: Q. Well, I think perhaps then, Mr. Heenan, I will pass the questions on the Lake Sulphite Company because I think it is quite apparent that to discuss some of the questions with regard to the details of the financing and so on would be, naturally, only hearsay on your part, and I will defer that question until we have a witness here who actually was aware of these details and other details, and then if there is any further point we can always come back to it again, if you feel there is some point should be cleared up?

A. Yes.

There is one thing I would like to say, Colonel, if you don't mind, that has nothing to do with these negotiations.

Q. Quite?

A. Because I have been twenty years mixed up in this kind of thing and I would like to say right now that I don't believe there is a better investment in the whole of the United States or Canada, on the American Continent, than the Lake Sulphite, situated as it is on Lake Superior.

Q. You want to be careful, they may get that into a prospectus?

A. Situated as it is on Lake Superior, in a harbour that is protected by Islands, with the timber, congested timber, to be cut and flooded down to that point. If there is anything that can succeed on the North American Continent it is the Lake Sulphite—and if it gets into the proper hands—

Q. That is a condition that interposes, is getting into the proper hands?

A. That is right.

Q. And also it is not only a case of getting into the proper hands but also

getting in under circumstances that permit success of the operation—that is important—and that is the thing I am trying to work out in this Committee if we possibly can. You see we are seeking light on this now and I might suggest that possibly the same man who created "The valley of humiliation" might be able to offer us "The valley of illumination" if we could get all the facts?

A. Well, of course you have heard the old story, Colonel, haven't you, "Give a dog a bad name and it sticks to him"?

Q. No, in this case I say we are seeking illumination?

A. Oh. Because in that particular case that you refer to it was one of the great national undertakings for Canada and was realized by everybody as such,—even after the change of Government.

Q. Oh, I know—

THE CHAIRMAN: Are we discussing the war now? I am going to rule that out of order.

WITNESS: Even after the change of Government, I think I should add this, that is the Government of the day, 1931 or 1932, didn't hesitate to guarantee to the banks somewhere around about forty million dollars alone for that project.

MR. DREW: Q. Well, now then Mr. Heenan, I think that so far as these direct questions are concerned, so far as you are concerned, of course with the understanding that we come back to the Lake Sulphite from the point of view—

A. Any time, Colonel.

Q. —of the witnesses who have detailed information in regard to this, and then of course also there will be the questions to the members of the Department, the expert evidence in regard to the timber and so on, but I think it would be more convenient for you if we continued with what I said I would bring up next, and that is the Pulpwood Supply Company Limited?

A. Yes.

Q. I would refer in that first of all to the agreement made between the Department and the Pulpwood Supply Company Limited dated March 31st, 1937, and then that was supplemented by another agreement dated the 6th day of July, 1937, and I assume, Mr. Heenan, that for all generalp urposes we can take those two agreements as really constituting one agreement between the Government and the Company, can we not?

A. Well, you can take the two agreements, yes; the latter agreement of course is really the one that is in effect chiefly.

Q. Yes, of course there are some of the details in the first that remain in existence in the second?

A. That is right.

Q. Just as a matter of record, Mr. Heenan, what area or what territory was transferred to the control of Pulpwood Supply Company Limited under these two agreements?

A. Would you pardon me if I stepped over to the map, Colonel?

Q. Surely; I think it will be easier if you do.

A. I will say at the beginning, Colonel, that this is history: In 1917 this area, known as the Black Sturgeon, was put up for sale, and I don't suppose I need mention the names to you who purchased, that is really immaterial to the situation, to build a 150-ton mill. About the same year but a few months later the Pic River Limit was put up to build a 150-ton mill. This was merged and this fellow sold his rights to the gentlemen who bought this (indicating).

THE CHAIRMAN: Q. Well, Mr. Heenan, you know the map is not on the evidence.

A. I see.

Q. And when you say "this and this" it will be very hard to follow what you mean?

A. All right.

The Black Sturgeon River was put up for sale—

MR. COOPER: No. 6.

WITNESS: It is No. 6, to build a mill, about 1917, about 150 tons.

A few months later the Pic River Limits, No. 4 on the map, this comprised 1400 square miles and this 940 square miles, to build a mill of 150 tons. The gentleman who bought this, 4, Pic River, merged his interests with the gentleman who got the Black Sturgeon and then the Crown merged those two into one mill instead of two mills. There were other areas involved but we will get down to the point that the Colonel asked me here:

Later, about 1921 or 1922, the Long Lac area was put up for sale to build a mill of 100 tons; that is 3400 square miles. They found that it was an uneconomical situation to spend the money and later this was merged with the other two, the Long Lac and the Pic River, to build a mill known as the Great Lakes Mill at Fort William, if I remember right, I don't very often forget, to build a 100-ton newsprint mill at Fort William.

Now anyone who is acquainted with the country would realize if the Black Sturgeon could bear a 150-ton mill and the Pic River could bear a 150-ton mill and the Long Lac bear a 100-ton mill then the 100-ton mill at Fort William had too much territory. That is the story with regard to that. Everyone I ever knew of, everyone who came into my office, always spoke in a disparaging way of the Long Lac area as inaccessible and uneconomical to operate.

You did ask, Colonel, one day, and it was material to this topic now, about an Indian Reserve. There was an Indian Reserve on there and it was sold by the Indian Department, for export of course, because it was close to the rail.

Now during the time that this question of exporting came up and the Government decided it was in the best interests of the Province to harvest mature timber and put men to work instead of relief I did a lot of coaxing for these operators to go in on this Long Lac area because I wanted to segregate them in there rather than taking what might be regarded as the more valuable wood which was more easily accessible and which in my opinion (which it is yet) should be retained for home investment, but I couldn't get any one of them to do anything else but throw disparaging remarks with regard to the Long Lac area; in other words, they claimed that I was only putting them off, as an excuse not to continue them the right to export because I was putting them in a place where they couldn't export. The small portion of the Long Lac that is accessible to the railroad, the freight rates for export are nine and a half cents a hundred pounds, and with wet wood it ran up to over $4 a cord just to transfer it around the short distance from the Canadian National Railway to Lake Superior, so that it was a problem. There was 3400 square miles of territory and no one was interested in it and we thought—I thought, I should say— that it was a good thing to get someone interested in that who had money to put in there and take that out and make it accessible to the market. There has been, I should say, but I am only giving this as the history,—there had been letters written by former Ministers to the company cancelling the Pic River, the Black Sturgeon and the Long Lac areas; the letters were written, I guess, in the same sense as that telegram from the Prime Minister to Symington, that the Government will cancel your agreement; these letters said the Government will cancel the Pic River, the Long Lac and the Black Sturgeon Limits, and I take it for granted that after they got that letter they did whatever the Government of the day wanted them to do and there was no cancellation put through, but whether there was or not, or whatever it was about, I am not in a position to swear, but I am giving you the background of the Long Lac area.

Now then, the gentleman who owned the timber areas on the Black Sturgeon and the Pic River and the Long Lac was a gentleman by the name of Louis Alstead of the Combined Locks Paper Company at Abbot; he secured his interests in the Pic River and the Black Sturgeon from a promoter for some consideration; later he secured from Homer Black his interests in the Long Lac area, so he had the three of them. Then he sold out to a man called Mr. Backus and in that agreement, which so far as I am concerned never saw the light of day until the question of export of pulpwood came up,—he came to Toronto and said that he had an arrangement between himself and Mr. Backus that part of the consideration for turning the areas over to Mr. Backus was that he would be permitted to take 30,000 cords a year off these limits so long as they were intact, so long as they were in good standing—

MR. DREW: Q. You mean he told you this?

A. Yes.

Q. So that when you say that he came to Toronto you mean that he came and told you this?

A. He came and brought the minutes of the companies to prove it. When I say he came, he came many times, but on this occasion he had the minutes of the Great Lake Paper Company with him which showed that it was part of the consideration, and the opinion of a very prominent lawyer in Ontario that it stood good, whatever the legal phraseology, it stood in Canada.

By the way, it has never been claimed, the minutes showed that Mr. Backus, in addition to taking those areas over for his company, also retained the right to take 30,000 cords of wood a year for his own individual use. Now then when he came to me I said what anybody would say, "That agreement which you made between two persons what you will do with the timber areas is no good with the Crown unless it is endorsed by the Minister of the day; why didn't you have your agreement endorsed by the Crown at that particular time?" "Well, it was no good to us because they were not permitting export and now it is good and we want our rights now." And so there was evidence secured to indicate at least that this fellow had some consideration coming to him. Well now, then he wanted the right to go in on the Pic River or the Black Sturgeon, the Black Sturgeon preferably, to take 20,000 cords a year over to his mill at Wisconsin.

MR. DREW: Q. To where?

A. Wisconsin.

Q. To what place?

A. Appleton, Wisconsin, and I wouldn't recognize his claim, nor the Prime Minister wouldn't recognize his claim, I mean the old claim of the 30,000, we wouldn't recognize that agreement. Now, then, I said at that time "Why don't you get someone to go in with you and go in on the Long Lac area and try to recover your pulpwood from there without recognition of this old agreement?" Well, that started the ball rolling. The next time he came he had Mr. Sensenbrenner with him, there were many talks, until finally we agreed on the agreement that is reached at the present time. The first agreement calls for total export, no mill attached to it whatever. He was to take out not less than 100,000 cords a year, we in turn were to construct some means of transportation, by sluiceways or otherwise, to take that timber out. At that time it was thought that a sluiceway to sluice the wood over obstacles would be satisfactory, costing in the neighbourhood of $250,000. We wanted to do that to control that for more reasons than one: There is a great deal of timber in that area other than pulpwood, we wanted to harvest that also and we wanted to own the means of transportation, not the individual company own it, and so negotiations went from that until this, that the Hydro finally agreed that they were interested in the water ways, and it was agreed then to turn over the construction so far as our Department was concerned to the Hydro to complete a channel which would serve two purposes, to provide for the transportation of logs, first, and the second was in the scheme of things to reverse the waters into Lake Superior so that the Hydro would get the benefit of those waters. So that we went from a $250,000 job to what I believe is finally somewhere around about a million and a quarter or thereabouts, I don't know the exact amount.

Q. Have you not had any recent report on the amount of the expenditures?

A. I saw the question on the amount of the expenditures?

A. I saw the question asked in the House by Mr. Challies, and I told the Hydro to answer it, because we have nothing to do with that part of it. We charged $300,000.00 on this portion.

We have a report, Colonel, as to the value of the water to the Hydro. Now, then, that was the first agreement. The second agreement is what might be regarded as better judgment on my behalf.

I persuaded this gentleman and his associates to build a mill in connection with the limit, and this last agreement provides for the building of a hundred-ton mill, with a maximum export. Instead of being a minimum export to the extent of 100,000 cords, the 100,000 cords is now the maximum. That is to say we won't permit any more than the 100,000 cords, unless with the Minister's consent; of course, if the occasion arises like in the last ten or fifteen years, where in the judgment of the Government export should be allowed to provide work; there is a provision in there by which it might be allowed.

Now, Colonel, as near as I can tell, that is the story. It is a long storv.

Q. When you say "This gentleman and his associates," they were Mr. Sensenbrenner's associates?

A. At that time Mr. Lew Alstead was his partner. Mr. Lew Alstead finally dropped out when we were enforcing the construction of a mill, he dropped out of the picture altogether.

You know who this Mr. Sensenbrenner is, don't you, Colonel? He is the president of the Spruce Falls Pulp and Paper Company; and they have about $20,000,000 invested in Ontario at the present time.

Q. But Mr. Sensenbrenner does not undertake any obligations?

A. It was signed on his behalf. Mr. Sensenbrenner is the man behind the gun all the way through this. There is no secrecy about that. It was signed by the Provisional President, the same as is done in connection with all these companies being incorporated.

MR. COOPER: Q. This mill is operating now, is it not?

A. They are not in default yet. They are in good standing and are paying their ground rent and fire protection charges.

MR. DREW: Q. Have they started the construction of the mill?

A. No, not the mill. I would not call it a town site, but they have a lot of buildings up such as warehouses and homes; I do not know whether there is a church up yet or not, but there is a school. They have spent a considerable amount of money in addition to the $50,000.00.

Q. What was the area of the territory transferred to their control?

A. The original old Long Lac was 3,400 square miles, and we transferred to them 2,616 square miles—

Q. 2,616?

A. Yes.

THE CHAIRMAN: Let us get it right. There are two agreements. Under the first agreement you transferred about 3,400 square miles; and under the second agreement you transferred 2,616 square miles.

THE DEPUTY MINISTER: In 1921 the agreement covered 3,400 square miles. The existing agreement covers 2,616,—nearly 800 square miles less.

MR. DREW: Q. Who got the rest of that area?

A. A portion of it is in the Crown, and a portion of it is in the Lake Sulphite.

This is the original, Colonel (Witness was indicating on the maps hanging on the north wall) and we took these townships back. This watershed was exchanged for this other one. (Indicating). A portion of it is back in the Crown and a portion of it is alloted to the Lake Sulphite.

Q. Mr. Heenan, under this agreement, 2,616 square miles was transferred to the control of the Pulpwood Supply Company Limited,—that is correct, isn't it? Then also an undertaking was made to create a waterway by which they could ship out logs, and also there was an agreement that the amount expended on the waterway, up to the sum of $300,000.00, would be repaid by the company over a period of time,—that is correct, is it not?

A. That is right.

Q. And also there was an undertaking by the company that it would commence not later than September 1st, 1939, the construction of a pulp plant on or near the north shore of Lake Superior, having a capacity of 100 tons of pulp per day, and the said mill would be completed ready for operation not later than the 1st day of October, 1940. Now, in the first place, I think it is agreed that nothing has been done in regard to the construction of the pulp mill?

A. I think, if you read on, you will find,—I am speaking from memory now,—that if the waterway was not constructed in time, the Minister could give them an extension of time in accordance with the delay in the construction of the waterway.

Q. Was there a delay in the construction of the waterway?

A. Yes, about a year.

Q. When was it completed?

A. The waterway is completed now; but I think there was a delay of about a year in the completion of it.

Q. It is complete now, is it?

A. Yes.

Q. So that whatever the figures of the cost, which would be something, you say, in the neighbourhood of a million and a quarter dollars, that will be the final cost so far as this waterway is concerned?

A. Yes.

Q. $300,000.00 of that are to be repaid by the company. Now, the thing that strikes me is this: Your agreement is not made either with Mr. Sensenbrenner or with any company which he controls or operates which has large sums of capital. It is made with a company known as the Pulpwood Supply Company, which I think to your knowledge was just incorporated at the time that this was under construction. Do you know whether the Pulpwood Supply Company has any invested capital or not?

A. Let me see if I get your question right. These men that Mr. Sensenbrenner was getting as his partners to go in on it, did not raise a dollar by public subscription. They put their own money in it. They financed it privately, as they call it.

Q. Have you any record of the finances of this company?

A. No, but I know they are carrying out their agreement with the Government, and I know the companies that are in the undertaking.

Q. Have you any report or statement showing the financial responsibility of the Pulpwood Supply Company Limited?

A. Mr. Sensenbrenner is good enough for me. He has his own arrangements with the other companies.

Q. There is neither reflection on Mr. Sensenbrenner or on anyone else, but it is a mere statement of fact. The contract is between the Government and the Pulpwood Supply Company Limited. The Pulpwood Supply Company Limited undertakes to do certain things, and also assumed an obligation to the Government which it undertakes to repay. Under this contract, the only person to whom the Government can look for payment is the Pulpwood Supply Company Limited, is it not?

A. That is right.

Q. Is it not important to the Department to know the financial standing of the Pulpwood Supply Company Limited?

A. Again we are getting back to the same thing we discussed before. The Lake Sulphite or any other company undertakes to expend $1,000,000.00, and they put their deposit down. Whether the Department should ask the promoter to bring in all the people whom he says will support it, is another thing.

The Pulpwood Supply Co. is controlled by Mr. Sensenbrenner; he is behind it.

Q. This is not one of these legal arguments that has been the subject of comment in the House, but this is a perfectly simple proposition that both you and I agree upon without regard to whether we are both lawyers or not. This agreement is between the Government and the Pulpwood Supply Company Limited, and consequently the only person to whom the Government can look for the enforcement of the promise to pay is the Pulpwood Supply Company, is it not?

A. That is right.

Q. No matter whether Mr. Sensenbrenner is a multi-millionaire or not, and no matter whether Mr. Sensenbrenner negotiated the arrangement or not, there is nothing under which you can hold Mr. Sensenbrenner to these agreements, is there?

A. That is right.

Q. Then is it not important that you know whether the Pulpwood Supply Company has such financial arrangements that it can carry out those undertakings?

A. Colonel, you cannot leave out the surrounding facts. Mr. Sensenbrenner is the head of an organization which has spent about twenty-five million dollars in Ontario already. We make an agreement with the Pulpwood Supply Company, and you say Mr. Sensenbrenner is not to be seen in that, notwithstanding that the whole file shows Mr. Sensenbrenner is behind it. They organized a company for the purpose of exporting pulpwood from Ontario. They made the agreement, and deposited $50,000.00. Now, if the Pulpwood Supply Company Limited were to fall down, I would agree with you that the only one we could fall back upon is the Pulpwood Supply Company Limited. But, if they do not go through with it, what is the position of the Crown?

The Crown would have the result of all their expenditures, and I think the best answer to that is the amount of money that they have expended up in there, $565,764.72.

HON. MR. NIXON: Q. The Pulpwood Supply Company has spent that?

A. Yes.

MR. DREW: Q. On what?

A. Wages and buildings, and, I take it for granted that there are some provisions for logging there, such as boom timber and things of that sort. This has been paid out in all these things. And they have paid to the Crown $167, 566.62; that includes the $50,000.00 deposit.

That is the best evidence you have that they are a firm of good standing. And if, as I said before, they fall down to-day and do not pay us anything more, we have a waterway there that we can sell, with pulpwood, to other persons, including the other pieces of timber which amount to millions of feet of log timber.

We have a waterway that when the agreement is finally consummated between United States and Canada on the St. Lawrence, will give us the benefit of 20,000 horsepower. Pardon me, and I will get it.

The project is designed to divert into Lake Superior the run-off from 1,500 square miles of drainage area, now flowing north into the Kenogami River."

Q. What is that you are reading from?

A. A letter from Dr. Hogg.

Q. Is that in connection with that whole matter?

A. Yes.

MR. DREW Perhaps the whole of the letter might go in. What is the date of it?

A. November 28th, 1939. It is in reply to a letter of mine to Dr. Hogg, dated November 20th, 1939:

"Dear Dr. Hogg:

"As the Department of Land and Forests is directly interested in the Long Lac diversion, and there have been numerous statements made in various newspapers regarding the benefits of the diversion to the Hydro-Electric Power Commission of Ontario, I would like to receive from you any information you can give me regarding the horsepower or any other benefits that will be made available at various points along the Great Lakes and St. Lawrence System if and when an agreement is reached with the United States re the intention of diverted all-Canadian water. In addition to this would you kindly advise me what horsepower can be created on the Aquasabon River from the figures you now have available.

Yours truly,"

Then that was signed by myself as Minister of Lands and Forests.

Then on November 28th, 1939, Dr. Hogg replied:

"Hon. Peter Heenan,
Minister of Lands and Forests,
Parliament Buildings,
Toronto.

Dear Mr. Heenan:

In reply to your letter of November 20th, I give you below information regarding the possible benefits to the Hydro-Electric Power Commission of Ontario obtainable from the Long Lac Diversion.

The project is designed to divert into Lake Superior the run-off from

1,500 square miles of drainage area, now flowing north into the Kenogami River. It is estimated that an average yearly diversion into Lake Superior of 1,100 cubic feet per second can be secured by the operation of these works. This water, we believe from present information, would permit the development of 20,000 horsepower on the Aquasabon River in the vicinity of Schreiber. If this amount were made available to the Commission at Niagara in addition to the present diversions, it would produce at Queenston 30,000 continuous horsepower, or at the Ontario Power plant 20,000 continuous horsepower, or at the Toronto power plant 10,000 continuous horsepower, or at DeCew Falls 27,000 continuous horsepower. If used on the projected development on the St. Lawrence River it would produce an additional 9,000 continuous horsepower in the Province of Ontario and 10,000 continuous horsepower in the Province of Quebec.

I trust that this gives you the information which you require at this time.

Yours truly,

(Signed) T. Hogg,
Chairman and Chief Engineer."

THE CHAIRMAN: These letters will be filed as Exhibit No. 19: A letter from Mr. Heenan to Dr. Hogg, and a letter in reply to the Honourable Mr. Heenan from Dr. Hogg.

EXHIBIT No. 19—Filed by Hon. Mr. Heenan: Letter dated November 20th, 1939, from Mr. Heenan to Dr. Hogg; and letter dated November 28th, 1939, in reply from Dr. Hogg to Hon. Mr. Heenan.

MR. DREW: Q. Just to continue that picture, Mr. Heenan, did you have a memorandum from Dr. Hogg prior to the time the agreement with the Pulp Supply Company was signed?

A. We had several communications from the Hydro, Colonel, when Mr. Lyon was Chairman, and consultations as well. I have the file here. I would have to dig into it. I am not sure whether these memoranda, or letters, or whatever they might be would be just prior to the signing or just after the signing, or when they might be dated.

THE CHAIRMAN: The Committee stands adjourned until to-morrow morning at 10.30.

(At 1.00 p.m., Tuesday, February 6th, 1940, the Committee adjourned until Wednesday, February 7th, 1940, at 10.30 a.m.)

THIRTEENTH SITTING

Parliament Buildings,
Toronto, Wednesday, February 7th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence and Welsh.

THE CHAIRMAN: Order, please.

HONOURABLE PETER HEENAN, recalled:

MR. DREW Q. Well now, just to keep the record straight, there is an extremely interesting editorial this morning in the Globe & Mail on the financial page. Have you read that editorial?

A. No.

Q. There is one paragraph which starts:

"Supposing the original promoters had realized their early hopes of getting sufficient capital for the venture and the market demand had justified a 200-ton mill at the outset, was it the best way to utilize the wood on this tract of land? That some alternative uses were not overlooked is seen from these sentences taken from the report of Mr. Cain to the Minister:

"One of the areas . . . on the east shore of Lake Nipigon, comprises a particularly fine type of white spruce, much of which would probably be more economically handled and converted into products other than sulphite or paper, such as lumber, boom timber, and mining timber such as stalling."

And then it goes on with some extremely interesting comment (that is from the report of Mr. Cain) in regard to the townships of Booth, Purdom and Ledger and recommends that these should be excluded from the concession to the Lake Sulphite Company. Can you tell me, Mr. Heenan, from which Exhibit that was taken?

MR. COOPER: That was not an Exhibit. That was Mr. Cain's recommendation, which was read in.

WITNESS: That is in evidence now, Colonel.

MR. DREW: Q. This is simply taken from the evidence?

A. That is in evidence, yes, Do you mind letting me read that?

Q. No. I have just seen it a few minutes ago. (Shows same to Mr. Heenan.)

MR. COOPER: Page 345 I think.

MR. CAIN: Page 351 also.

MR. DREW: Q. (Following a perusal of the evidence.) Well, now I have where it came in. It is an excellent editorial and I just wanted to know where it tied in with the evidence?

A. There is in one paragraph a fair indication of what we have to consider and why some people go away sore once in a while.

Q. Now, Mr. Heenan, as we closed the evidence yesterday I asked for such recommendation as you had from Dr. Hogg prior to the execution of the agreement with the Pulpwood Supply Company?

A. In looking over the file, Colonel, I find it is a little complicated for the reason that there was a change in the Hydro Commission; there is considerable correspondence, notwithstanding, and most of it will be with Mr. Lyons if I recall it right. The agreement was signed on what date?

Q. March 31st, 1937

THE DEPUTY MINISTER: The subsequent agreement I think was 6th July, 1937, wasn't it?

MR. DREW: Q. The first agreement was dated as of March 31st, 1937, but it says that it was executed on the 24th day of December, 1936?

A. Give me those dates again, will you, please, Colonel?

Q. It was a memorandum of agreement made as of March 31st, 1937, and the second agreement dated—I am quoting from the heading of the agreement?

A. Yes.

Q. The second one is dated 6th July, 1937?

A. Yes.

Well now, first I will run over what memos we have here in the index and then if you want me to read them we will go back and read them, again:

(1) Memo November 10th, 1936, re possible Hydro participation in International Waterways Treaty;

(2) Letter December 17th, 1936, Department Engineer to Hydro-Electric enquiring as to their interests in the diversion.

Q. I am sorry, I didn't get that clearly?

A. The second is a letter December 17th, 1936, Department Engineer to Hydro-Electric enquiring as to their interests in the diversion.

(3) Letter January 11th, 1937, Hydro Engineer to Department Engineer asking for detailed information;

(4) Letter January 16th, 1937, Department Engineer to Hydro Engineer explaining plans and diversion project in detail. That is to say, the plans and the project that we had then under way for the sluicing of logs;

(5) Letter January 18th, 1937, Minister to Hydro Chairman informing of proposed project and requesting advice as to whether Hydro care to participate with Department in the event canal can be used later for Hydro purposes;

(6) Memo January 28th, 1937, Engineer to Minister regarding Hydro Engineers' visit to Department to enquire into project generally.

Q. I am sorry—"to inquire into"?

A. Yes. January 28th, 1937, Engineer (that is my own Department Engineer) to Minister regarding Hydro Engineer's visit to Department to enquire into project generally.

Q. Yes?

A. (7) Letter March 18th, 1937, Hydro to Department regarding surveying procedure to give them complete information for design and layout.

(8) Memo June 11th.

Q. I don't want to interrupt you, but would it be better to draw the line there or to go right up till July 1st, which was the date of the second contract?

A. There are only four more, Colonel.

Q. Yes?

A. And that is all preceding the signing of the agreement.

Q. Yes?

A. (8) Memo June 11th, 1937, Department Engineer to Deputy Minister referring to Hydro plans and design Long Lac Diversion Project;

(9) Letter June 14th, 1937, Deputy Minister to Hydro re design;

(10) Letter June 15th, 1937, Hydro to Deputy Minister regarding possible additional improvement for logging purposes;

(11) June 28th, 1937, Department Engineer to Deputy Minister regarding boom timber required by operators after canal completed by Hydro;

(12) June 30th, 1937, re turning all notes and information gathered by Department over to Hydro for their use at date. Those are on file here, Colonel, if you wish them read into the record. They are all preceding the signing of the agreement.

Q. Just so that we will get this quite clearly on the record, I notice that the first agreement with the Pulpwood Supply Company was dated as of March 31st, 1937, but it records that it was executed on the 24th December, 1936. Is that correct?

A. Yes, that is correct, Colonel. At March is the beginning of our operating year; in other words if the agreement was signed to-day it would be of no avail to commence logging until the beginning of the season.

Q. So the situation was this, that the agreement with the Pulpwood Supply Company which establishes the basis of these subsequent proceedings was actually executed on the 24th December, 1936, and the dating forward to March 31st, 1939, was simply for the purpose of making it coincide with the beginning of your own financial year within the Department.

A. Well, no, to begin with their possible operation; that is to say, they couldn't begin operating in the beginning of winter—and the operating year also.

Q. To coincide with the beginning of the operating year. That being the case then, so far as these memoranda are concerned, the only memoranda to which you have referred which were actually before you prior to the execution of this agreement, I note, were the first two you have mentioned, and for that reason I think it would be desirable that we at least have something on the record to indicate the extent of these memoranda. The first you referred to was a memorandum referring to the possible particupation of the Ontario Hydro-Electric System in the international development, as I understand it?

A. That is right.

Q. Just so that I may understand the extent of the questioning that would be involved might I see that report before I ask the questions on it?

A. This is the index of what I have in the file.

THE CHAIRMAN: No, but the Colonel wants to see the document.

The witness produced the above memorandum and a number of other papers to the Chairman which were handed to Colonel Drew for his perusal.

MR. DREW: Q. Well, I think as there are just these two memoranda apparently other than the correspondence which took place between the Department of Lands and Forests and the International Commission that probably it would be as well if that were read into the record—it is a comparatively short memorandum?

A. I don't think that tells the complete story though, Colonel.

Q. No.?

A. I mean I picked up at random there the letters that I thought would be of interest. I mean it dates away back to 1924 when there was some kind of survey made by the Hydro Commission themselves at that time when they were considering the diversion of the Long Lac and the Ogopi waters and it dates right back to 1924, the negotiations, and then later discussions in the Cabinet with Mr. Lyons and his Hydro engineers present intermingled with all these letters. You see there was discussion in Cabinet Council as to whether the Hydro should participate in the project or not.

Q. Let me make my idea clear: You executed that agreement with Pulpwood Supply Company on December 24th, 1936. At the time you did that, although the agreement was subsequently amended by a later agreement, the general terms as between the Pulpwood Supply Company and the Crown were fixed at that date—there were certain supplementary arrangements made later on. What I want to get on record as clearly as is possible is, the nature of the information in your possession at the time that you recommended the execution of this contract. To make that a little clearer, you speak now, for instance, of the fact that negotiations and discussions in regard to the utilization of the potential Hydro resources in that area had gone back as far as 1924; undoubtedly in the intervening period between 1924 and 1936 there had been considerable discussion in regard to utilization of the timber resources in that area as well, but we are now considering what was actually before you at the time that you recommended the execution of the agreement with the Pulpwood Supply Company on December 24th, 1936. Having outlined what it is that I am seeking to ask, let me outline what it is we already have: You have explained that during a number of discussions with Mr. Alstead, who represents substantial American interests, and who has considerable interests in Canada at the present time in connection with his business in the United States—

A. That is Mr. Sensenbrenner.

Q. But hasn't Mr. Alstead?

A. No. He has no interests in this country. His mill is entirely in the United States—combined Locks—but he was present with Mr. Sensenbrenner.

Q. Well, as I understand it Mr. Alstead was the first one to discuss this proposition with you, wasn't he?

A. Alstead and Sensenbrenner, they were both together.

Q. I understood you to say that Sensenbrenner then came in, but if they both came in at the same time that is—?

A. Colonel, let me remind you in case you didn't catch onto my discussion with Alstead in the first place:

Q. Yes?

A. He held the limits on the Pic River, on the Black Sturgeon and the Long

Lac, then he was selling them to Mr. Backus and the consideration in the transfer of the limits to Backus was, so he claimed and so do his minute books, there isn't anything on the file there to indicate the minutes were ever endorsed, however, that he would be permitted to take 30,000 cords each year from those limits as long as they were in good standing, and it even went further than that, that in the event of them not keeping them in good standing they were to advise him and he would keep them in good standing; there was other consideration but that doesn't need to enter into it at the moment. Mr. Alstead then came to me and asked me to permit him to exercise his right under that agreement and I asked him, naturally, why he didn't have his agreement with Backus endorsed by the Minister of the day. He said it was no good to him so he didn't approach the Minister for a formal endorsation because of the fact that we were not then exporting pulpwood and it was for the purpose of exporting these 30,000 cords each year that he wanted it. So then he asked me to endorse it and of course I wouldn't, it was a little too long a time between the time that they made that agreement and my coming into office.

So then he said he wanted to get pulpwood off those limits. So we had a consultation with some of the Ministers. He put up the same argument to Mr. Hepburn and Mr. Hepburn wouldn't endorse it. But, he said, "Why don't you get your pulpwood out of it just the same?—we are exporting pulpwood." And then I tried to get him to go on the Long Lac. The reason that I gave yesterday, I think I should repeat it, is, because it was difficult to get the pulpwood out of Long Lac and I wanted to reserve the good timber on the other areas that were facing Lake Superior for our home industries, and of course he said as many others said, in fact as everyone said, that the pulpwood at Long Lac was inaccessible, valueless, they wouldn't go in there and cut it if they got it for nothing, because there was no means of getting it out to Lake Superior. So it was at about that time that Mr. Sensenbrenner came in with him and there a discussion ensued as to why we couldn't improvise some method of getting into that timber, and it was about at that time, during those discussions, that we hit upon the plan that we might build a sluiceway—I take it for granted, Colonel, that you know what a sluiceway is.

Q. Oh, yes?

A. A sluiceway to sluice the timber over a height of land or somewhere to a point—over obstacles anyway. And from then we carried on our negotiations and discussions as to whether or not—that sluiceway was estimated to cost $250,000, and I decided that if we were going to spend that amount of money it would be better for the Government to construct it and own it so that if other operators wanted to go in there for other species of timber they would be transporting their pulpwood through Government channels rather than a private channel.

Q. Yes?

A. Now from this we branched out to the discussion that inasmuch as the Hydro might be interested in it we might consult them as to whether or not we would make a more permanent channel than just the sluiceway, because there are many things can happen to an improvised sluiceway up in the woods, say, of Northern Ontario, subject to destructive elements of all kinds, while we might

build it to-day we might not have it to-morrow. So anyway the negotiations went on until the Hydro decided that they would go in and construct a permanent channel there for the benefits that Hydro would receive from it.

Now those letters, while they might not be as specific—I do not know whether they are or not—as you would want them to be, show the continuity of the discussions up until the time we consummated the whole deal.

MR. DREW: Q. That was my recollection of what you said. Correct me, then, if this is not so. What I understood was that Mr. Alstead came into the picture as a result of these earlier rights of his, and it was then following the solution of that problem, that Mr. Sensenbrenner came into this particular field?

A. That is right.

Q. And, as I understood it yesterday, Mr. Sensenbrenner and Mr. Alstead were interested in the development of that proposal, but Mr. Alstead lost interest in it at the time you imposed certain obligations on the company in regard to the construction of the sluiceway,—is not that correct?

A. All that Mr. Alstead was interested it was exercising his rights under his agreement with Backus to get 30,000 cords a year for export, and in that he was a partner with Mr. Sensenbrenner. But when we decided that a mill should be built in conjunction with the export, then Mr. Alstead dropped out of it entirely.

Q. Then, with regard to this agreement of December 24th, 1936, it recites that the Pulpwood Supply Company is in the business of producing pulpwood for export to the United States of America for the manufacture of products other than newsprint. Was that a correct statement of fact?

A. What paragraph, Colonel?

Q. In the fourth paragraph there are a series of recitals, and the fourth paragraph reads:

> "AND WHEREAS the Company, which is incorporated under the provisions of the Ontario Companies Act, is in the business of producing pulpwood for export to the United States of America, for the manufacture of products other than newsprint,"—

A. That is correct.

Q. Well, was it in the business of producing pulpwood for export?

A. That is what it was incorporated for.

Q. The truth of the matter is that the company was only then coming into existence for the very purpose of this agreement, wasn't it?

A. That is right, as far as I understand.

Q. And then it goes on to say:

" . . . . . and holds certain long term contracts with consuming companies in the said United States of America which call for the production and export to the said United States of America of an annual minimum of 100,000 cords,"

Did you have before you anything as to the nature of the operations which would consume the pulpwood which would be cut on this area?

A. I insisted that the company should be incorporated under the Ontario Companies Act for the purpose of producing pulpwood for export to these companies in the United States who were not manufacturing newsprint; and that agreement which was signed is the undertaking.

Q. What I am getting at, Mr. Heenan, is that it seems to me this is an extremely important point in the understanding of the method of dealing with these matters. Your discussions had arisen originally as a result of an attempt to adjust the rights of Mr. Alstead. Then Mr. Sensenbrenner, who has substantial interests in this country but is not actually a citizen of Canada, came into the picture; and you have explained that he is an operator and a business man of considerable financial responsibility. And then at that point having decided that you wished to go ahead, you say you insisted that the company should be incorporated under the Ontario Companies Act for the purpose of exporting pulpwood to manufacturers other than to those producing newsprint.

Now, at this point, it would seem to me of the utmost importance that you should know exactly the nature of the manufacturng operations which would consume this pulpwood What I am asking you is, what evidence did you have before you at that time, that is at the time the agreement was executed, as to the type of manufacturing operations into which this pulpwood was going to go?

A. I had the assurance of Mr. Sensenbrenner and of Mr. Alstead, both, that they would not sell it to anyone who was in the business of manufacturing newsprint; and it is in the agreement.

Q. I recognize that it is in the agreement, and that is the point that I do want to keep clear, and which I think you recognize, that the agreement is not an agreement which you can enforce on either Mr. Sensenbrenner or Mr. Alstead, but it is an agreement with a company which was incorporated for this very purpose, and it has nothing to do in any sense whatever with either Mr. Sensenbrenner or Mr. Alstead?

A. We would have the greatest assurance that if we find out that any of it goes to newsprint manufacturers, we can cancel this agreement and shut off their wood.

Q. Then, what machinery was set up for ascertaining the actual use of this pulpwood?

A. We have not set up any machinery in Ontario since the beginning of time in respect to following every stick of pulpwood that goes to the United States. We take, practically, the word of the men who have the agreements

and carry on in the same way that they had carried on under previous governments; and, of course, we know where they ship.

Q. Mr. Heenan, I have this mind, I have no thought of keeping it back from you, the export of pulpwood has been increasing very rapidly during the past few years, until it reached a peak in 1938, of 612,000 cords. That is right, is it not, Mr. Cain?

THE DEPUTY MINISTER: I think probably ten years ago it was about the same peak.

MR. DREW: It reached a new high, according to the evidence, in 1938. And what I am getting at is that, at the time that our export of pulpwood has reached a new high, the operations of the mills in Canada is in an extremely critical condition, or it was at any rate at the very time that it reached that new high,—I do not think you will disagree with me in that, will you?

A. Our newsprint mills?

Q. Yes.

A. Yes.

Q. So that, having regard to the fact that the production of newsprint in this country is necessarily tied in very closely with the production of newsprint in the United States; it would seem to me of the utmost importance that there should be some effective machinery for determining whether or not any substantial part of this very large export of pulpwood is directly or indirectly competing in the United States with the production of newsprint in Canada. And when I say "directly or indirectly" I mean this: It is perfectly true that the bulk of this pulpwood may go to mills which themselves are not manufacturing newsprint, but have you made any examination to determine the extent to which that export of pulpwood has relieved other pulpwood in the United States for newsprint mills in the United States which are competing with our Canadian mills?

A. In other words, if I understand you rightly, Colonel, you think that they may not use the pulpwood for newsprint, but it might be manufactured into sulphite or some other commodity, and shipped to a newsprint mill, and used in an undirect way? Do I understand your question correctly?

Q. Let us go a little farther back. If the newsprint mills in the United States cannot get sufficient supplies of pulpwood in the United States, then it is obvious, I think, that they must come to Canada for the pulpwood or sulphite, or, in the alternative, get it from the Scandinavian countries,—that is right, isn't it?

A. That is right, but of course there is the southern pine, you know.

Q. The southern pine is not yet competing in the newsprint field, is it?

A. Oh, yes.

Q. To what extent?

THE DEPUTY MINISTER: One mill is already in operation in the State of Texas, and another one is being put into operation in Georgia.

Q. But from what we have here, I understand that has not yet become a serious problem?

A. Yes, I saw a sheet of it the other day, Colonel, and it was very good too.

Q. Of ordinary newsprint from southern pine?

A. Yes.

Q. I think you will agree that it upsets a lot of calculations, because even here it had been assumed that southern pine was not a factor in the matter of newsprint?

A. I have been afraid of that for some time.

Q. But you say now it is an active competitor with our own pulpwood?

A. Yes. Some of the newsprint users down south have signed up with that mill for five or ten years supply.

Q. Then I only want to interject this, at the moment, that if that has become an active competitor with our own pulpwood, that only shows the necessity all the more for research, as to how we can retain our newsprint business, is not that so?

A. Yes.

Q. Then there is no better time in which to discuss that than the present. Can you suggest any effective way in which we can deal with that?

A. The only way we can effectively deal with any competition over there from the Southern States or Scandinavia, or anywhere else, is to be able to produce as good an article at as low a cost or lower. That is the only way that I know of. I am only Minister of Lands and Forests, Colonel. I am not an engineer, and I am not a forester, and I am not an investor. And it seems to me that those who invested their money in newsprint mills in Canada ought to be able to find some way and means by which they can cut down their costs of production so that they can meet the competition of those gentlemen.

I do not think that is the Government's business. The Canadian newsprint mills surely have learned a lesson already, by the amount of money that has already been lost in the newsprint industry in Canada.

We have everything here that I know of to enable them to compete. As I said yesterday, we have got, I think, the best spruce, from all I can gather from people, in the world. We have got timber areas on rivers; we have got timber areas on watersheds. Now, what more can the Lord or the Government provide

to enable them to compete against the world? There must be something else wrong somewhere else that I do not know of.

Q. Do not think I am suggesting government intervention in industry as the solution of our problems. But what I have in mind is this, that if we have now reached the situation that, in addition to the other problems, we find the price of southern pine to have become an effective competitor with our own spruce, then, without any question of actual government intervention in details of business, with which in principle I disagree, yet it does seem to me that, having regard to the extremely wide power exercised by this Department over the industry, the time may have come for some constructive set-up to bring the whole matter to a head, and without in any way seeking to get you to make a statement that would embarrass the Department or embarrass the operators, it seems to me that this Committee should have before it any suggestions you may be able to make for the solution of the problem?

A. The suggestion which you made yesterday was as far advanced as I have heard, in regard to a research council and some eminent engineer, who would be able to advise the industry to improve their plants.

There is one suggestion that I know can be done. It has been manifest in the minds of a lot of investors,—I cannot agree that the solution hangs on it, however, but they will tell you that they can get negro labour at a certain price down in the south, that they can have railroads radiating from all points, ready to take newsprint from the industries, at knock down prices. They point out to you the price of labour in the south, and they point out to you the cost of labour in Scandinavian countries, and they point out that they have women loading and unloading boats. That is something that I do not believe Canadians ever will try to compete against. They will have to compete against it in the mills. I would rather see the forests left than to cut down on our labour wages.

Q. I think we will agree, at the outset, that no one could tolerate in this country an attempt to compete with what amounts to little better than slave labour, by doing the same thing here; because, after all, in most cases slave labour has never been able to compete with skilled labour in the long run. I think the best example to-day of it is Russia, which cannot meet competition in any market in the world, and where labour is more seriously controlled slave labour than even the negro labour in the south in slave days.

My thought is that, to me, a solution does not lie in attempting to meet conditions of that kind, but it must lie in the attempt to use our resources by using brains to keep down costs, and at the same time keeping up the wages of labour.

If, as has been suggested this morning, we already face competition from southern pine, which is an extremely short growing period, then is it not so that we may have reached the point where it is of the utmost urgency that something be done to bring the parties together?

A. Colonel, I wish you would help me in that. I have been talking to them about that for five years.

MR. SPENCE: Q. Is it because we have not been using all the timber, but have been just high-grading?

A. High-grading should be to our advantage. The stumpage revenue to the Crown is not such a big factor.

I would say this, as I said the other day, that if there is a really serious effort made on behalf of the industry itself to get prices down, I am sure that those already in Government would sit in with them and help them talk about cheaper electricity, cheaper stumpage, and in that you will have to take in the transportation companies. It is almost impossible to get the railroad companies in Canada to-day to sit down and talk economics. I have tried it from time to time. You may be would think it strange for a railroad man to say that, but I was on the earning end of the railroad, not on the receiving end. They have a system of freight rates, and I heard over the radio last night where the British Columbia Commissioner was down there asking for cheaper rates for their lumber from their coast to the east coast for transportation to the Old Country. And we are at a disadvantage now, in Ontario, and have been for years with the freight rates. If they get this—I am not saying this for the purpose of trying to influence those who have the say, but if they get a cheaper rate, we will be at a still greater disadvantage in Ontario.

They have the rates from British Columbia, and then the water competitive rate, and they have the Maritime rate for goods coming in here, and, speaking for Ontario, it seems to me we are getting the worst of it. I have had the freight rate adjusters in my office time and time again. I have had them here from Montreal and the C.P.R. had sent their agents here; and I have consulted with Winnipeg, and I have consulted with almost all the heads of the railroad companies, independently of the others, and have pointed out that in my estimation they were not doing their bit toward the economic development of our forests.

Let me give you an example. You have before you there a map which shows the country which practically drains into Lake Superior. That timber should be reserved for home industries, where they can drain it right down to Lake Superior and the mills, and Lake Superior to the United States where our market lies.

I have tried in every way I could to persuade the men who are cutting for export to pick areas outside of that and railroad it. And the lowest rate they can get averages around about $4.00 a cord. There are areas outside of that,—take the head of the lakes, it is the best example I know of, from 150 miles west to Ignace, up to Superior Junction, to Sioux Lookout, there are thousands, yes millions of cords no one will cut, for the reason that the railroad companies spoil the economics of it when they get it down to 9½ cents per 100 pounds for wet wood, and you can see the cost of transporting it.

They have two rates, Mr. Chairman; anyone cutting that timber for home consumption, as they call it, it is 6 cents per 100 pounds; but if you are taking it down for export it is 9½ cents.

Now, so far as the railroad companies are concerned, they do not know—they cannot possibly,—they are like myself, in that regard, they cannot possibly follow that pulpwood to find out whether it goes into a home industry or for export; yet they have that differential. Now, they are the same engines and the same crews, under the same rules, using the same cars, and the same wages to

pay out, exactly, to those men for transporting that wood, whether they export it or use it for home consumption. And yet they block the harvesting of that rail haul timber because of their high freight rates. Yet they cannot see it. They will say, if they do it here, they will have to do it down in Nova Scotia; they cannot make fish of one and fowl of another. That is about the only answer you can get.

In the organization of this whole thing, Colonel, if you have to do what you have suggested, and I am glad you are of that frame of mind, you have got to get down to economics, and you have to have Hydro-Electric and the Government and the Transportation Companies, and every other machinery that you can put to work, together with the manufacturers themselves, for if they are not doing all they can, they should do more to cut down the cost.

MR. SPENCE: Q. Newsprint is about the cheapest product they can make from timber up there?

A. They use the highest grade of timber for the manufacture of the cheapest product.

The newsprint companies are newsprint-minded, Mr. Spence. They are interested in newsprint, and it is very difficult,—at least they have not yet got into their mind that they should go into a variety of products. When the newsprint market falls, they fall entirely because they have nothing else to fall back upon.

Q. We are tying up that district up near Lake Nipigon, of which we have been speaking the last few days, with the newsprint people. They do not use it for anything else but they have got the first rights on it, it seems to me.

A. I know what you mean. The Nipigon area, if you will pardon me,—the sun reflects in here and bothers my eyes,—the Nipigon limits in 1936 were set aside for a newsprint mill. It is not so to-day, under the new agreement which provides that it will be made into sulphite or rayon or other products.

Q. That is what you are trying to do with the Lake Sulphite?

A. Yes.

Q. There is more money in it for our resources?

A. That is right.

Q. This Pulpwood Supply Company, don't they use it in the same way? I am asking you because I know you have looked into it,—don't they use it in the same way to the detriment of the re-establishment of the Lake Sulphite mill?

A. You mean the Pulpwood Supply, and then mention the Lake Sulphite?

Q. Is not the Pulpwood Supply wood used over on the other side in such a way as to prevent the interests putting their money into the Lake Sulphite? Probably I should put it in this way: What do they do with this wood when they

get it over there? Who is behind this Pulpwood Supply Company? Is it big newsprint interests?

A. No, it is not newsprint.

Q. I feel confident that in some way they use it for the purpose of lowering their costs, say of sulphite or sulphate, so low, having a minimum of 100,000 cords by direct permission of the Ontario Government to export it over there, that they manipulate that so as to depreciate costs of the pulpwood over on the American side to such a degree that they can make the sulphate or sulphite cheaper than we make it over here?

A. They are practically all engaged in manufacturing book papers and specialty papers, not sulphites and sulphates, but tissue papers and things of that kind.

Q. Now, Mr. Heenan, just to get at that, who are the Pulpwood Supply Company, I think that would be a help,—who are they, who comprises this here Pulpwood Supply Company, is it not those who control a lot of the paper interests on the other side?

A. Not newsprint. As I told you, Mr. Sensenbrenner is the head of it, and Mr. Alstead was in it until they agreed to build a mill, and then he dropped out.

Q. Is not the Kimberley Clark Company in it?

A. That is Mr. Sensenbrenner,—he is head of Kimberley Clark.

Q. It would give us some idea, if we had the names of those who comprise the Pulpwood Supply Company.

THE CHAIRMAN: Q. Has the Minister got the information in his Department?

A. Oh, yes.

MR. SPENCE: Q. I contend that they are controlled by a number of paper makers in the United States who affect our markets in the Province of Ontario?

A. Just so that we may keep the record straight, as the Colonel says, I do not know what you mean by controlling our market. We are not making tissue papers, so that they do not compete with us.

Q. It is our market for wood, I take it?

A. I thought you said a little while ago we had too much market for export.

The Pulpwood Supply Company has five stockholders, the Kimberley Clark, with mills located at Niagara Falls, New York, and Kimberley, Niagara,—I will let my deputy read this although it is my evidence.

THE DEPUTY MINISTER: Kimberley Clark, with mills located at Niagara Falls, New York,—

MR. DREW: Is that the Kimberley Clark Company?

A. Yes.

THE CHAIRMAN: You are reading the name of the company first, and then the location of its members?

A. Yes.

THE DEPUTY MINISTER: You have Niagara Falls, New York, and Kimberley,—these are names of places; now, Niagara, Appleton, Manasha and Neenah, Winconsin, that is five. And then the Hammermill Paper,—that is a company,—at Erie, Pennsylvania; Mead Corporation, with mills in Ohio, Pennsylvania, Massachusetts, Indiana, and various mills in the Southern States.

MR. DREW: Q. What kind of mills are those in the Southern States?

THE DEPUTY MINISTER: Oh, they are sulphite and sulphate, generally speaking kraft mills. Then the Wisconsin River, at Stevens Point, Winconsin. And Nekoosa, Edwards, at Port Edwards, Wisconsin.

Q. Are those names which you have read shareholders of the Pulpwood Supply Company?

A. Those are the five shareholders in this Pulpwood Supply. The Pulpwood Company are shareholders, and these companies are shareholders in the Pulpwood Company in the United States.

THE DEPUTY MINISTER: The Ontario company is the company we made our agreement with, and they sell their product to the Pulpwood Company of the United States.

Q. Is the Pulpwood Company incorporated?

A. Yes.

Q. Where is its head office, do you know?

THE DEPUTY MINISTER: A. I think it is Keena, Mr. Sensenbrenner's home.

Q. Then the Pulpwood Company Incorporated, in the United States, is a company controlled by these other companies which you have mentioned?

A. Yes.

Q. There are five companies?

THE DEPUTY MINISTER: Yes.

Q. Then is it your understanding that the Pulpwood Supply Company Incorporated in Ontario, is in fact the child of the parent Pulpwood Company Incorporated in the United States?

THE DEPUTY MINISTER: I would say, Yes.

THE WITNESS: That would be right, Colonel.

Q. So that the Pulpwood Supply Company Limited, of Ontario, is in fact merely an Ontario representative of the Pulpwood Company Incorporated in the United States, of which these five other companies, whose names you have given me, are the main shareholders,—is that correct.

A. I would say that is right.

MR. SPENCE: My point is this: If you will take those five big companies together, they comprise certain areas over there. Particularly my point is this, that I would like to bring out, that is a pretty large combine, you might say, with great interests, with good business men, you might say, and well financed, but they have this right direct from Ontario, and I might contend it might be used there to depress the American market or the American costs, and directly that affects the establishment which you have of the Lake Sulphite at the head of the lakes, with the Lake Sulphite market?

A. They do not make high-grade sulphite. They make, as I said before, specialty book papers, tissue papers, and so on and so on.

Q. They use the high-grade spruce, of which they can get 100,000,000 cords there—

THE CHAIRMAN: A hundred thousand you mean?

MR. SPENCE: Yes, what did I say? What difference does it make? We have so much timber up there?

A. They do not compete against anything that we manufacture in Canada.

Q. They make sulphite?

A. They make book papers and tissue papers, and things of that kind. They do not make rayon, and they do not make the high-grade sulphites.

Q. Is has the effect of depressing or putting down the price of the raw material in the United States?

A. In other words, what I think you are trying to tell me is this, that they get our best spruce,—getting our spruce, they might be able to manufacture a better article in the United States and compete against other United States interests of the same character?

Q. Compete against what you are trying to do, to reorganize the Lake Sulphite Company?

A. No, they won't compete with the Lake Sulphite Company.

Q. I understand we have to realize that we have to get American capital in here practically to reorganize the Lake Sulphite at the head of the lake?

A. If you had not got American capital in, you would have had the Long Lac yet, not making a dollar out of it; and you would not have workmen making a dollar out of it.

Q. Have you ever tried?

A. There was not a single one whom I tried in Canada who would say that they would take it if it were given away, for them to give employment.

Q. Would not they do it, if it were not for this competition, and what would they do?

A. You ought to know, as a member of this House for a long time.

Q. I know that if we had competition there we would have bids on it.

A. We had competition on the Black Sturgeon and on the Pic River and on the Long Lac. That is why I agreed with the Colonel yesterday that a lot of these smaller operators are more advantageous than a lot of the companies who are doing nothing.

Q. I agree that the independent operators are the ones that ought to be taken of?

A. Don't go back on what you said yesterday. You were doing fine.

Q. I think that in making this area valuable, by putting in a sluiceway or canal, and then giving it out at a very cheap rate, say $1.10 for high-grade spruce—

A. Who said it was $1.10?

Q. I said that.

A. You said on the platform a few years ago it was a dollar. You are adding 10 cents to it now.

MR. DREW: Let us not start talking.

WITNESS: I take it all back.

MR. SPENCE: I contend that is one of the great disadvantages to the Lake Sulphite?

A. I do not think you should say that for the record, because there is no foundation for it as a fact. There is no pulpwood exported from Ontario that goes into any product that is competing against our Ontario industries. I am saying that. You can contradict it, if you can.

Q. I was trying to bring out the point that it was manupulated. It must be apparent to you, or there would have been a reorganization of the Lake Sulphite?

A. There is more to it than that. They have a different production altogether.

If ever the time comes, Mr. Spence, when any of these exports of pulpwood is going to hurt home industry, I will be the first one to recommend to my colleagues in the Cabinet that we shut it off entirely. Or if you yourself or anybody else in this Committee or in this room can bring in capital to manufacture that pulpwood that we are now exporting, I will be tickled to death to go to the Cabinet and say, we should shut off export this very minute.

Q. You are promoting export as soon as this flume or canal is completed.

HON. MR. NIXON: There have been operations on the Long Lac?

A. Oh, yes, there has been considerable pulpwood cut.

MR. SPENCE: And exported to the United States?

A. They had to clear the land on which trees were growing that was going to be flooded by the erection of dams there; and they cut that and exported it. I think it is in the neighbourhood of 35,000 or 45,000 cords. I hope they will cut more this year, and it will give your men up there employment.

Q. You are going to permit them to export that before they have built the mill?

A. Yes, their time limit has not arrived yet. And if you have Mr. Sensenbrenner on the stand here, as I hope you will, I am satisfied he will swear that not a stick of this timber goes to anything that is competing against us. If you ask him the question, as I have, are you going to be sure that you hit the ball and built the mill? His answer will be, I am satisfied, as it has been in my office, "I have always done more than I have agreed to do in any agreement with the Province of Ontario," and do not accuse him or be suspicious beforehand.

MR. DREW: This sounds almost like a preview?

A. I have not got into contact with him, as he is away somewhere. Take his agreement on Spruce Falls, and then see the amount of money they have spent up there and what they have done, and you will see he is not the man who will quibble with us as to whether he will be on time or not; at any rate, they are not in default.

Q. I do not question the fact that Mr. Sensenbrenner will be very ready to come here, and I intend to ask for him at the appropriate time. Now that we have had this discussion, which is a very important discussion, it seems to me, you have put your finger on the very point that in some way we should seek to get down quite clearly, for the purpose of future recommendation.

What you have pointed out is that we are dealing here with the utilization of resources which are governed by various factors that in some way need to be brought together in one economic whole. That, first of all, we have the Government, as the owner on behalf of the people of the raw timber resources; then we have the transportation facilities which are necessary to carry those resources, either in the form of pulpwood or in the form of sulphite or in the form of manufactured products, to the consumers; then we have the hydro-electric plants, whether they be the Hydro-Electric Commission or private plants; we have the necessary power to work the mills for whatever jobs may be underway; then we have the companies themselves, and under that heading is not only the question of the management of the companies but the question of whether or not their operations are conducted on such a basis that they are producing the goods at the lowest possible economic figure, for competition in the world markets. Then, fifth, we have the independent operators themselves, who constitute an extremely important part in the whole picture, and whose activities and the preservation of whose business is an important consideration in anything which may be worked out. Then, sixth, it seems to me we have an extremely important element, and as the social element the most important part, that is Labour.

I would imagine if we are to find any solution of this, we must find some way of bringing those six factors together and co-ordinating their viewpoints into one solution,—would not you think so?

A. Certainly, that is the whole thing of it, Colonel.

Q. A solution which was based on the efforts of the Government to increase the business, on the efforts of the Hydro-Electric to supply more power, on the efforts of transportation to get lower transportation costs, on the efforts of the operators to sell at a better figure. That would do much to reduce the semi-slave conditions elsewhere. We are in no disagreement on that, I know.

A. No.

Q. Is there any practical way you can suggest for the purpose of bringing this to some effective conclusion, with these six vital factors in this picture, if they could be brought together for the purpose of seeking some solution?

A. Yes, I believe, Colonel, we could start very humbly,—I am assuming now that this might be part of the recommendation to the Legislature, and assuming that it will be part of the recommendation to the Legislature, I believe that the paper companies to-day have it in their minds that they have to do something or die of dry rot. I do not want to go into their history again, except this,—and perhaps it would not do any harm:

There were very few paper companies in Canada during the last war. There was a great demand for newsprint. Of course the operators took advantage of the situation and the price of newsprint went up to around $110.00 or $120.00 or $130.00 a ton. It went up to about $110.00 during the war, and increased after the war, because the peculiar part of it was that there was a greater increase for a few years after the war than there was during the war; so that the price finally went up to about $130.00 a ton.

The Americans who had to pay complained, but what was the use? They had to pay or they could not get their newsprint. Then a lot of investors saw great profits in the manufacture of newsprint, and they went in to build newsprint mills here, there and everywhere. And, encouraged by the provincial governments of Ontario and Quebec, who naturally wanted to create as many industries as possible, they were encouraged; so both governments and investors sought to get advantages one over the other; a location here was better than a location somewhere else, it was more advantageously placed than it would be at some other point, because of freight rates, and so on.

However, all these things were taken into consideration; but the result was that they built far more mills than the market would sustain. Then the American consumers started to get theirs back. When there was over-production, he started in to find ways and means of getting back at the chaps who had held him up so long for a high price. So they connived a very ingenious manner of making contracts.

Q. Who do you mean?

A. The American publishers, with our Canadians. They would give a contract at five, ten or fifteen years at any price you wanted; they did not worry about the price, say $75.00 a ton, with a clause in it that if any other publisher using newspring got his newsprint at a less price than he was getting his at, his price automatically went down to that price. So our newsprint mills started in after contracts, because they wanted to fill up their mills. And it went on in that way from $75.00 a ton to below $40.00 a ton, and everybody was broke.

The Governments of Ontario and Quebec had to take some hand in this. There was danger of a further reduction in wages; there was a danger that they would not be able to pay for their pulpwood. They were squeezing the settlers down, that they were buying the pulpwood from, to the lowest price, not even paying the settler the costs of cutting it and taking it off. So something had to be done; and Mr. Taschereau and Mr. Ferguson met many times. But the evidence that we have is that in 1928 they decided to take a very strong hand in keeping these men from going out under unethical and cut-throat methods of doing business.

They tried. to do it in a gentlemanly way of sitting down at a table and arriving at a gentleman's agreement. The Governments hesitated to walk into it and take a hand, but they thought they had it fixed a good many times, as I did. Men would sit down and agree to do things, and then walk out and do the very opposite. Men got secret commissions.

As I have related before, it was stated in evidence before a Cabinet Council,—it was not a Cabinet meeting so that I am giving away no secrets; we had these men in and one publisher was accused of taking a man out on the golf links at a thousand dollars a hole, and the producer lost every time. There were other buildings, in the States Riddall, a whole flat rented by a publisher from a producer. The whole flat was rented at three times its proper rental.

All these things were connived at to reduce the price of newsprint. Then we had to start in and we hit upon the proration plan. I am not married to it,

and when I say I am not married to it I mean the Government is not; but I cannot think of any other method which will bring about better results; and we believe that the proration scheme is the best thing devised yet. It is true that to-day some of them are not living up to it; but on the whole it has brought about recovery in the newsprint industry.

They have realized that they cannot make profits and pay dividends by their cut-throat or unethical methods of doing business. They have realized that fair dealing amongst one another is to their advantage. They have discussed lately, at a time now when they might take advantage of the market and do that which was done during the last war, that they must show the American publishers, who, after all, are the main men in this situation, because they are the buyers, that they want to play fair and that Canada is a good place in which to deal, and that we do not want to take advantage of the situation of the moment.

Having that in mind, and having also in mind that which must be provided for, I think they are in a mind now to co-operate with the Governments or anybody in their own interests.

So, assuming that the Committee might make a recommendation, I think now is the time for the Government to call in these men, and start from that point as to whether or not they would be willing to join us,— I say "willing" first, because there is no use taking the big stick to somebody who is willing to do what you want him to do,—and see whether we cannot get the transportation companies in, and better engineering advice, and so on, and so on.

I think we could well start from that point. You are asking my advice, but I do not think I could go so far as to say that the Government would engage engineers to get a report on all these activities, and then the Government undertake to make these fellows do what the engineers advise. I would not like to do it in that way. I am satisfied, after thinking the thing over while we have been sitting around here, because I could see what you are trying to get at, that if there was some recommendation made by this Committee along those lines, we can call these people in and they will be just as anxious as we are to see whether they can improve their machinery or methods of manufacturing newsprint, so that when the war is over they will be able to compete against any other part of the world.

I do not know whether I have covered what you asked me, or not.

MR. DREW: Q. Well then, we have reached another point in which we find us in entire agreement?

A. I think we are agreeing too much.

Q. Well, I don't know, in spite of what some people say publicly I don't think that disagreement is a bad sign if one can find some ground for agreement which appears to be sound. After all, you and I have disagreed on many things and probably still will.

A. Probably.

Q. But we are in agreement on this.

A. We will agree more when you know me better.

Q. Possibly after the "Coronation" we may have more time to discuss these things. No, but in all seriousness, I don't want to leave this point that has come up quite unexpectedly in discussion of a specific contract without getting it a little clearer, because it seems to me that we are getting close to perhaps the most important thing that we can do. After all, what I say now is for the purpose of trying to establish a basis of agreement, and if we reach that then possibly from this Committee might go a definite recommendation. As I see it, these resources, and they are enormous, are only of use to us in so far as they can provide in some way decent living conditions for a substantial number of our people?

A. You are right.

Q. And consequently the utilization of these resources in a way that establishes a high average of social conditions should practically be the starting point of our consideration, shouldn't it?

A. Yes.

Q. I noticed the other day that when Mr. Styffe, one of the operators, was here he made the recommendation, which may or may not be acceptable in its final application to our own situation here, but what he pointed out was that from his personal experience as a young man in Norway he favoured the idea of what he called timber farming, which would mean the setting aside of an adequate area which could be maintained over a period of years and give an even production each year. Now that is only one of the many suggestions which may be made with the idea of raising the stability and social standing of those engaged in the basic operations.

A. Would you pardon me?

Q. Yes.

A. I noticed Mr. Styffe saying that and I thought that, knowing Mr. Styffe as I do, he was caught off guard, and I don't think he would make that recommendation if he had thought he was going to be asked the question. He is not Irish, you know—they say an Irishman is allowed to speak until he is understood, you see. I want to talk seriously about that proposition because in my opinion it is not feasible. You put families out in the bush country there where it is admitted there are rock outcroppings and swamps and things of that character and no agricultural land, now you would have to build schools there, if they were Irish or French you would have to build a little church as well.

Q. Oh, you will be astonished at how much the people in this part of the country have gone to church in their time.

A. Well, apart from that, Colonel, that would have to be a co-operative business all the way through for the reason if you had families stationed out in there where they couldn't get out—

THE CHAIRMAN: And that means roads.

WITNESS: —the pulp companies would just pay them what they wanted to pay them, there is no possible chance of a strike, they would just pay them what they wanted and unless they opened their hearts differently to what they have been heretofore they would not pay them any more then they could help. So that you could have somebody living under the worst slave conditions that I could imagine. If you undertook to put men or familes out in a country where there is no agricultural land or anything of that character there it would be in my opinion just the worst kind of slavery that could exist.

Now putting men on land where there is agricultural land and letting them cut forests to help them make their living is a different thing altogether.

Q. Yes, but as I understood it Mr. Styffe was not advocating necessarily the exclusive establishment of what you might call timber farms. I gather that he had in mind exactly the arrangement that they have in the southern part of Norway where they cut a certain amount, use that as ordinary farm land, and then have in addition to that a timber area right beside them that they preserve so that it is only the increment year by year that they actually use. But I was only mentioning that from this point of view, Mr. Heenan, that is one suggestion that we had, and while I would agree that it would be really an outrageous thing to put people out there dependent on present conditions, yet something of that kind might work out if there was a co-ordinated plan; I was only mentioning that as one of the suggestions that have been made here. It seems to me when we start at that point that no matter what the solution may be it must be a solution that seeks to overcome the uncertainty that has existed during the recent years, and, without in any way pleading in your defence in regard to any of this, I say quite frankly that the picture has been unsatisfactory over a long period of years—

A. Oh, I agree.

Q. —because one of the very critical features of this situation which is not stressed often enough is the result of this uncertainty on these people who depend on the forest resources for their daily living. We have all over the province to-day people actually approaching destitution and who would be destitute were it not for the intervention of the Government in some cases, or in other cases of local grocers and doctors and people like that really taking care of them at the present time—

A. There is no doubt about that.

Q. —and it is shocking situation to exist in the presence of so much apparent natural wealth. It seems to me that in any picture of that kind we must recognize the necessity of devising some plan that will create stability from the employment point of view. This has come out quite unexpectedly this morning and for my part I would like to think that over before we meet again, but I have in mind the fact that this Committee might well consider the wisdom of making an interim recommendation seeking to actually put the necessary machinery into motion to bring these groups together because I don't think anyone will question the fact —I know that no one will question the fact who has seen some of these communities —that there is destitution of such a nature that every effort should be put forth to try to find some solution at the earliest possible date.

THE CHAIRMAN: As far as I am concerned, Mr. Drew, I haven't heard enough of the evidence yet to be prepared to make any interim recommendation on such an important matter; I want to know more about it and more about the other sides of the question too. I don't know about my colleagues, I am only speaking for myself.

MR. DREW: I was only saying, Mr. Chairman, that quite unexpectedly, growing out of the particular question in relation to this contract, a discussion has arisen which I believe to be the most important thing that we have actually discussed here.

WITNESS: I agree.

MR. DREW: Because if there is some way to bring together labour, the Government, the Hydro-Electric Commission, the transportation companies, the operating companies and the independent operators themselves, I was only passing out the thought that we might consider, if we have sufficient evidence, advisability of an interim report, possibly not immediately but at some early date in view of the urgent situation which does exist in some communities.

WITNESS: I think you will find, Colonel, that you have to stiffen up the back of the Minister and the Committee and cut through a lot of red tape to bring that about as quickly as you would like to bring it about.

MR. DREW: Q. I hope that is no reflection on the Chairman.

A. Not at all, but the fact of these old methods of doing business and submission to the will of the directors, and the directors don't want to do this and the directors don't want to do that and the directors don't want to do the other, and they just hang onto what they have; you pretty near have to cut through the red tape to get them to do anything.

Hon. MR. NIXON: How are you going to cut through the red tape of the transportation companies? We have been trying to do that over a year with the freight rates on wheat.

WITNESS: You see I have nobody behind me, —I had nobody but my own pleadings.

MR. W. G. NIXON: I would like to interject, regarding the recess, there are only two Committee rooms and this room is needed.

THE CHAIRMAN: Well then if it is agreeable to all the members of the Committee we shall adjourn until Friday morning at 10.30 o'clock.

(At 1 p.m. Wednesday, February 7th, 1940, the Committee adjourned until Friday, February 9th, 1940, at 10.30 a.m.)

FOURTEENTH SITTING

Parliament Buildings,
Toronto, Friday, February 9th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Welsh.

THE CHAIRMAN: Order. All right, Colonel.

HONOURABLE PETER HEENAN, Recalled.

MR. DREW: Mr. Chairman, just before we proceed with the discussion that we were at before, my attention has just been brought to the fact that some time ago a question was raised about four Orders-in-Council which had been passed under the provisions of The Forest Resources Regulation Act. And at the same time copies of two orders imposing penalties, and copies of two orders revoking those penalties were handed to me to see.

I must confess, with the various questions that were proceeding, they were put aside. It seems to me that, rather than let this matter stand, I should deal with them now, so as to keep it in order. I see nothing in these two Orders-in-Council why they should not be made part of the record. It seems to me essential that, in considering the effect of this Act and what its possible use or otherwise would be, we should have full information on record of any important things that had happened under that Act.

For that reason, I would ask that these Orders-in-Council become part of the record and be marked as exhibits.

THE SECRETARY: They are already marked, Mr. Chairman, as Exhibits 10 and 11.

(After some further discussion the Committee adjourned until Tuesday next.)

THE CHAIRMAN: We have just been advised that His Excellency the Governor-General, Lord Tweedsmuir, has passed away. Under these circumstances, I think it is only proper and fitting that we should adjourn the sittings of this Committee until Friday next.

(The Committee adjourned until Friday, February 16th, 1940, at 10.30 a.m.)

FIFTEENTH SITTING

Parliament Buildings,
Toronto, Friday, February 16th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Welsh.

HONOURABLE PETER HEENAN, Recalled.

THE CHAIRMAN: All right, Colonel, proceed, please.

THE WITNESS: Mr. Chairman, pardon me butting in, but I am just wondering whether or not we have been a little too hasty over one action we did here. There is a question of bringing down some Orders-in-Council which were passed under The Forest Resources Regulation Act, disciplining two companies, the M. & O., and the Great Lakes.

I think, when the question came up in the first place, I said I was prepared to bring them down, as of course I would have to do if the Committee insisted, and let the Committee and Colonel Drew look them over, and if you thought it was in the public interest, it was all right with me.

Then, without any further discussion, so far as I know, they were made exhibits here the other day. There was an unfortunate occurrence took place at the last sittings of the Committee, as you know. But I do think that those two Orders-in-Council should not be put on the public records. I do not see any good they can do, but I can see a lot of harm they can do, and I would suggest that they be stricken from the Minutes. Having registered that protest, I shall bow to the ruling.

MR. COOPER: What Orders-in-Council were they?

WITNESS: Mr. Clerk, will you tell us what the last exhibits were?

THE SECRETARY: Exhibits 10 and 11.

WITNESS: They were two Orders-in-Council, one disciplining the M. & O. Company for not operating its company in accordance with the interests of the public; and the same in connection with the Great Lakes. After that an Order-in-Council was passed rescinding them.

I do not think it would be of interest throughout the country as to how we run our Department.

MR. DREW: When these Orders-in-Council were introduced it was during a discussion in regard to the wide powers conferred by The Forest Resources Regulation Act, and at that time, you will remember, I was asking if any regulations had been passed under the powers conferred by that Act, and Mr. Heenan

at that time said that on two occasions that had been done, and then he said he would bring the Orders-in-Council in. And at the time he did, he raised some question as to the wisdom of introducing them as part of the evidence. And, as I remember the explanation that he gave for believing that they should not be introduced, it was that these Orders-in-Council were really to some extent punitive, and that when the companies complied with the demands which had been made under the pressure of these Orders-in-Council, then subsequent Orders-in-Council were passed rescinding the Orders-in-Council in each case.

As I explained, sir, at the time, I have no desire in this inquiry to unnecessarily embarrass any company or individual, so long as that is not necessary in order to get a clear picture of what is being done. But in this case, it seems to me that these Orders-in-Council are essential in order to get an understanding of how this Act can work.

The Minister has been perfectly frank with us as to the reason why the Orders-in-Council were passed, and the reason they were rescinded. He said the Orders-in-Council were passed in order to force the companies to do certain things; and when they did it, the Orders-in-Council were rescinded.

MR. COOPER: Q. Before this Act was passed, could not the Minister discipline a company in a similar manner? Is not that right?

A. Oh, I think in a much more severe manner than that.

MR. DREW: That is the question of interpretation of the different powers, and possibly it might come in on a question of what we could recommend as to the powers to be conferred upon the Minister. But it seems to me that that is not the only example that we have as to the manner in which this Act has been exercised, and so far as I can see there is no possible excuse for keeping these things off the record.

THE WITNESS: I am not pressing the thing, but the files are full of such things long before this Forest Resources Regulation Act was passed. For instance, I have one here of February 3rd, 1926—

MR. COOPER: When did this Act come into effect?

A. February 3rd, 1936.

This is, "Attention of Mr. Strachan Johnston" but addressed to The Great Lakes Paper Co. Ltd.:

> "This is to advise that as the conditions of the agreements concerning Long Lac limit, the Pic and Black Sturgeon Limits have not been fully complied with, and that in accordance with the terms of the agreements you are hereby notified that the Government will cancel these agreements 30 days from this date.
>
> "Will you please notify your clients accordingly and acknowledge receipt of this communication."

That was cancelling every stick of timber that that company had, at thirty

days' notice. I know all about what happened, although the files do not disclose it. That was never carried out, for the reason that the Company did whatever the Minister or the Government of that day thought necessary. There was no Order-in-Council; that was the Minister's own power. Therefore I do not see any use in clogging up the Minutes of this meeting. We find all through that the Minister had to take disciplinary measures.

MR. DREW: On the contrary, I think it is very important that we know exactly what has been done.

Mr. Cooper raises the question that the Minister may have had wider powers before this Act was passed. I am not questioning that. The function of this Committee is to deal with the whole question of the administration of this whole Department, as if we were a clinic. I would suggest a parallel would be that if, for instance, we were discussing the question of whether local anaesthesia were better than general anaesthesia, we would say that because the doctor could cut deeper under a general than under a local anaesthesia, a general anaesthesia might be the better.

I cannot understand how we can recommend whether they should retain the old powers or have the powers under the Forest Resources Regulation Act, unless we have full knowledge of what may be done under that Act.

HON. MR. NIXON: If I might suggest, from experience in committees once a letter or document has been mentioned it might as well stay on the record. The Committee has very great powers, and I suggest to the Minister that if he wants to file a case showing the powers exercised previously by the Minister before the passing of The Forest Resources Regulation Act, that he should do so.

Once a document has been mentioned there is no use expunging it from the record.

THE CHAIRMAN: It was mentioned at an early sittings of the Committee and a number was set aside for them.

MR. COOPER: Then we had better put on record the letter which the Minister has just read.

THE WITNESS: I am not particular. If I were to read all such letters, it would involve a lot of time and work.

THE CHAIRMAN: It will be Exhibit 20: A copy of a letter from the Minister of Lands and Forests to the Great Lakes Paper Company Limited, dated February 3rd, 1926.

EXHIBIT No. 20—Filed by Mr. Heenan: Copy of letter from the Minister of Lands and Forests to the Great Lakes Paper Co. Limited, dated February 3rd, 1926.

MR. DREW: Now, before we proceed with any further questioning, I am going to make a motion for the consideration of this Committee, and I would ask that the Committee hear what I have to say before they consider whether or not they are prepared to accept the suggestion contained in this motion.

I move that the Chairman be instructed by this Committee to take the necessary steps as he deems necessary for the purpose of calling a conference at an early date of representatives of the different groups interested in the effective utilization of our forest resources. These, in my opinion, include:

1. Industry which uses our forest resources as raw material.

2. Labour engaged in the cutting, manufacture, distribution and sale of our forest resources.

3. The independent operators who cut and sell forest resources.

4. Transportation companies.

5. Power producers.

6. The Government.

We have the evidence of the Minister that to a considerable extent the industry is paralyzed to-day because the different groups primarily interested in the commercial use of our forest resources have not been brought together to find some solution for their common problems.

The primary purpose of this conference should be to consider:

1. Ways and means by which commercial use of our forest resources can be increased to the maximum point consistent with the preservation of our forest wealth;

2. Ways and means by which the ultimate cost of all wood products may be reduced so that they may compete effectively in world markets.

3. Ways and means of assuring stability in the industry so that the wages of labour be protected and some assurance given of continuous employment with effective provision for their social security.

I do not suggest that the scope of the conference should be limited to these three heads, but I do suggest that they should constitute the primary purpose of such a conference.

Before proceeding with the discussion of this, I would like you to consider what evidence we had before us the last time we sat. If this were a proposal of mine, being introduced here as my argument at the present time, I can very well see that you could suggest that there is not sufficient evidence to justify taking that course at this time. But we have as a witness at the present moment the Minister responsible at the present time for the administration of this department. He himself has told us that he does not believe that we can advance very far in improving the general situation unless some method is found for bringing these different interests together so that their activities and general functions may be co-ordinated.

Now, may I suggest this: That since Mr. Heenan is the Minister and respon-

sible to the Crown for the administration of this department, that when he tells that it is impossible to move any farther toward a solution of problems which are, according to him, very serious problems, then I suggest that no one here can very well go beyond that statement, because if he cannot move without some bringing together of these various conflicting interests, then I do not see how it is possible that those problems can be solved.

I think, without waiting for any further general evidence, it should be clear with everyone keeping in touch with conditions, that the newsprint industry in this country is facing another crisis.

I think also we know, from the evidence we have already heard, extremely comprehensive evidence both from the Minister and from the Deputy Minister, that the newsprint industry is in a precarious condition. It is being operated under the umbrella of proration; and the very fact that proration is necessary is in itself an indication of the dangers of normal competitive activities within that industry, that has invested at the moment hundreds of millions of dollars of public funds.

We have been discussing here the problem of departmental administration, but that has been tied in, from the beginning of our discussion, other than the extremely interesting historical picture given by Mr. Cain and by the Minister—we have been discussing the problem of administration as it relates to definite names of companies, and in the discussion I think it has become clear that all of those companies are either operating under some restrictions or are even operating under receivership, which suggests that they are not in a position to adjust themselves to the changing conditions and to employ the most rigid methods of economy and efficiency which would presumably be necessary at a time of international crisis, such as we have now.

Another angle that we have not discussed as fully, but it seems to me that no one here needs evidence on it, because I imagine that everyone on this Committee knows the facts. Another and extremely important consideration—perhaps—I need not say perhaps—definitely the most important consideration of all is the tragedy which has come to those men who have relied upon continued employment in this industry, and we have to-day in Ontario ghost towns, which were built up in the expectation of continuing prosperity in one branch alone of the industries related to forest resources, that is the newsprint industry.

We know to-day that the highest relief, that is the highest percentage of relief in the whole Province of Ontario is in one of these ghost towns, Sturgeon Falls. We know of others where men had moved from other localities with their families in the expectation of continuing to live in that particular place, and they are now confronted with the tragedy and the uncertainty of either restricted or finished operation. And that is one of the problems that must be considered in all of this, because as I see it the utilization of our forest resources cannot be measured in terms of dollars and cents to any country.

The effective employment of our forest assets can only be measured in the end in terms of continuing and stable employment for our people. And even if vast wealth could be created by unsound methods which begin and end in uncertainty of industries, that could not be justified if it in turn brings injustice and instability to a substantial part of our population.

For that reason, it seems to me that it is urgent that labour and the people who work generally in this industry, in all branches of this industry, be given the primary consideration in such plans as are evolved.

Then, in the evidence we have had it suggested that we are not utilizing the forest resources to the extent that we could. That large companies which occupy vast areas, use only one or two types of wood, leaving the others to stand, although they too have enormous value. So that the evidence which is already in, from the Minister and from the Deputy Minister, it seems to me needs no application to suggest that there should, at as early a date as possible, be some attempt to find new methods of stimulating the activities of the industries based on our forest resources.

Then again we have the clear statement of the Minister at the last meeting here that one of the very great problems was the problem raised by the railway transportation, and the fact that at no time have the representatives of the railway companies dealt with this on the basis that looked at the handling of the forest products as a special problem in itself.

Then again we have the fact that in so far as the industries utilizing raw materials from the forests are concerned, they are, almost without exception, dependent upon electric power. Consequently we come to a problem of power cost over extended periods; and in that way try to tie in those costs with the whole cost of production. Then, always having regard to the powers of the Government, the Government would require to sit in on such a conference.

In addition to all that, we have the independent operators, who in the past have cut large quantities of timber, both for our own industries and for export; and it seems to me that representatives of the independent operators would be essential to such a discussion. I make this motion seriously and in the hope that it will be accepted, because I believe that we have started something that can be of almost unlimited value to this province, if we approach this whole thing in this inquiry from the constructive point of view.

I said before and I repeat again that this inquiry will serve no useful purpose whatever if it is used in any way as a means of attempted muck-raking or casting slurs on one administration or the other. In this discussion we are dealing with continuing assets which, having regard to their regrowth, as distinguished from the way that mining products are handled, may in the future be most valuable assets; and without in any way passing criticism on this or any preceding administration of the Department, I think that the evidence of the Minister is perfectly clear that we are not at the moment in a satisfactory position to deal with these assets.

The Minister has already, on several occasions during these discussions, indicated ways in which he thought the administration of the Department and the utilization of our resources might be improved. I would refer back to the opinion he expressed last week that some such conference might serve a useful purpose, and I would go back to his own agreement with the proposition that it would be highly desirable that we should have a research council to explore every method of increasing the use of our forest wealth and decreasing the costs, in connection with labour. The Minister himself thinks that many things need being done that are not being done to-day.

I am not suggesting this as a termination of the activities of this Committee. I do not think this should terminate the activities of the Committee; but I believe it is really necessary that there should be a conference of these groups at an early date, a conference wide open to the whole Province of Ontario. So far as I am concerned, I do not think there would be any harm in a conference which would reach the thousands of people. But I believe it should be a conference of people who voluntarily attended that meeting, and whose only qualification is that they belong to one of these groups; and I do not see any reason why such a conference should not extend day by day and make practical suggestions of ways and means of dealing with the various problems which the Minister himself has indicated need attention; and such a conference should sit by subcommittees—

THE CHAIRMAN: Colonel, pardon me, but where is the power to do all that? And also who would pay for all of it? We have no authority.

MR. DREW: Mr. Chairman, I am quite convinced, in the first place, as to your power. Your powers are in no way limited, but you might extend an invitation through the press to various groups to attend the conference to be held in one of the chambers of this building, and which would involve no expense.

MR. COOPER: Mr. Chairman, in glancing at this, I do not know how it would be practicable. For instance, I see it says to call together labour engaged in the cutting, manufacture, distribution and sale of our forest resources. Who are the labour, and who would you get in touch with?

MR. DREW: There is organized labour in this industry, and representatives of that organized labour have called upon both the Minister and myself. An invitation could be sent to them and also to any other labour interested.

MR. COOPER: There is nobody on this Committee knows more about ghost towns than I do, because Espanola and these places are right on my doorstep. If anything could be served by calling such a conference, I would be one of the first to be interested.

We are here as a Committee of the Legislature and can summons any people we like and see what they have to say and what they can suggest.

MR. DREW: My point, in answer to that, is that a conference of people who are interested in forest assets and some of these problems always gets nearer a common understanding of the problems before them than if they are called as witnesses before a tribunal which has a certain set procedure and can hear only one man at a time.

I grant you that this is not a direct parallel, because some of their methods are different, but let me give you this as an example: A conference has been held during the past week in the city of Albany, in the United States. That conference was called by the Government to consider their budget—I am not suggesting any conference to consider our budget—and they used the armoury, which is a public building and which consequently costs nothing for the purpose. Thousands of people at their own expense attended that conference for the purpose of expressing their opinions in regard to the various aspects of the problem.

Mr. Chairman, you have made a suggestion that such a conference is distinguished from this Committee. I am suggesting merely a voluntary conference, and there is nothing at all to prevent such people attending such a conference; they can come or not, as they see fit; and there is nothing at all to prevent the Chairman of this Committee inviting people to voluntarily attend such a conference—they can come or not, as they see fit—but the thing that is greatly concerning me at the moment is this: We have been sitting for some considerable time and in my own opinion there has been extremely valuable evidence placed on the record, in my opinion very little of it has been irrelevant, we have seen the method of operation, we have received specific details in regard to certain companies and I think every member of this Committee knows a great deal more about the practical operation of the Department than he did when it began, and I am inclined to think that the Minister himself probably has had some new ideas with regard to this department since this began; now, we have only started at the beginning of this and this is in my opinion one of the biggest jobs to be done in the Province of Ontario to-day, and personally I do not think there is a bigger job to be done in the Dominion of Canada than to try to work out some sound, practical method of administering our forest resources, but I for one feel at this point that I don't believe we will find a solution within the limits of our own province, I think we have to go beyond that, I think that in the end we will need some inter-provincial conference, probably operating under very much the same method as the Joint Waterways Commission which operates between Canada and the United States, but operating under purely voluntary powers, but I do believe that the subsequent enquiries before this Committee would be greatly clarified if we had this opportunity from people to express their opinions. I don't suppose there is a member of this Committee who has not had discussion with various manufacturers, timber operators, representatives of labour and others since this enquiry began; I know that I have had discussions with representatives of every one of these groups since the beginning of this enquiry and it is apparent that they are all anxious to express views on the basis of a conference, differentiated from merely taking evidence in sequence as we have been doing, so that if, for instance, one of the representatives of an industry gives a certain explanation then one of the representatives of labour may say, "Well, this would be all right from the point of view purely of the technical production, but this would be the effect on labour," and may I say this, that I have been tremendously impressed, and I am sure the Minister was, with the extent of the knowledge of the problem in the broad field that was displayed by those representatives who were here a short time ago from the north, representatives of the labour organizations; those men have studied it not only from the Ontario point of view but from the world point of view and I must confess that I have not heard a better exposition of this broad problem than from the representatives of those industries. I see the Minister nodding assent, because he met the same men, and they were extraordinarily well informed in regard to the same subject. This whole discussion arose from the point the Minister made the last time we met that the question of railroad transportation was one of the big problems.

THE CHAIRMAN: And we have no jurisdiction over that.

MR. DREW: We have no jurisdiction to compel the railways, but I am quite sure when the time comes you will find the railways only too anxious to help voluntarily.

THE CHAIRMAN: That comes before the Transport Commission.

MR. DREW: If we had a conference to suggest ways and means the transportation companies would be largely governed by that. This is relevant to the whole broad question. May I suggest at this point that we are apt to become a little fixed in our idea that things are done by government mandate rather than by voluntary action, and my opinion is we would get further by a purely voluntary conference of this kind, not from the inception of the Government but asking these people to come at their own expense, and they would; we would get more from them than we would from any person reluctantly brought here as a witness to this enquiry. Every one of us knows that a witness who is going to be brought here and examined under oath does so—I won't say unwillingly, but with some reluctance—that there is a rigidity to the discussion here that you break down by a conference, and we would have a perfectly free discussion, we would have people around there, independent operators, manufacturers, scientists, labour, all these other people expressing their views, and out of that I am sure we would get some guide as to the course we should follow.

MR. COOPER: Might I make the suggestion, Mr. Chairman, I hope the Colonel doesn't expect us to vote on a motion as important as that without having a little time at least to consider it? Supposing we deal with that motion say on Monday morning.

HON. MR. NIXON: Might I suggest—had you finished?

MR. COOPER: Yes.

HON. MR. NIXON: It would seem to me that this suggestion might more properly be considered by the Committee when preparing its report, and I would be prepared to support the suggestion that this Committee recommend to the Legislature or to the Government or to the Minister that at the earliest possible convenience such a conference should be summoned by the Minister, under his Chairmanship. I cannot see that it is properly the duty of the Chairman of this Committee under the authority and the instructions given to us by the Legislature to summon such a conference, I think it might more properly be done by the Minister himself or by the Premier of the province after this Committee has reported, and this Committee might recommend such action to the House and to the Government.

THE CHAIRMAN: I think the point taken by Mr. Nixon is a perfectly proper one. I have in front of me the terms of reference to the Committee: ORDERED, that a Select Committee of this House be appointed to investigate, enquire into and report upon all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests.

We are here to investigate the administration by the Lands and Forests Department, and I use the word "administration" as covering all other matters, of our natural resources. I don't think I have the right, even if the Committee asked me to do so, to call that conference; our powers are limited by this; I don't believe we can go beyond this. It is perfectly proper, possibly, for such a conference to be called, but I don't believe we can.

MR. DREW: Mr. Chairman, just before you dispose of the matter, Mr. Cooper's idea is, to deal with this in a way that is perhaps the most effective—

THE CHAIRMAN: Oh yes, I am perfectly agreeable to adjourning the motion until Tuesday.

MR. DREW: But before we pass from that, if we are to have consideration between now and Tuesday I would like to make this suggestion, because if we have a preconceived idea that this Committee would not have authority they might of course dispose of it now. In that regard let me point this out, I am not concerned with the mechanics of how this is done, what I am concerned with is having it done, and Mr. Nixon has suggested that it would be better to have such a conference called by the Minister or by the Prime Minister. I am perfectly ready to concur in that suggestion but, concurring in that suggestion, I then go further and say, since Mr. Nixon is prepared to say now that he will be agreeable when the final report is made to make that recommendation, let us do what every committee has the right to do, make an interim report and while the House is still sitting make an interim report consistent with this recommendation so that this conference could be proceeded with right away instead of waiting until this Committee terminates this enquiry and brings in its report. I will just finish in a moment with that point.

It is perfectly obvious that there is a great deal more evidence to be heard. This is a big subject and I think we will be failing in our duty if we try to rush it to a close in any way. It is something that has needed doing for a long time and I believe, even if it should extend to years instead of months, we should try to finish this job, and in the very nature of a legal enquiry of that kind it has always as I understand it been the practice to introduce interim reports if it was decided at any time by any Committee similar to this that something should be done upon the recommendation of the Committee in the meantime. Consequently, having regard to Mr. Cooper's suggestion and Mr. Nixon's suggestion, I would concur immediately with Mr. Nixon's suggestion that instead of the Chairman calling a conference it be called either by the Premier or the Minister, and, concurring with Mr. Cooper's suggestion, I would think that it should be left over until Tuesday, but in the meantime it is well that this should be done, that this Committee make an interim report asking the House to give authority to the Premier or the Minister, whichever is preferred, to call such a conference so that there will be no delay in bringing these various groups together, because, I repeat, not in any way as an alarmist, but simply taking what the facts are, that the newsprint industry faces another crisis unless something is done in the near future, and for that reason the calling of such a conference is in my opinion something that should be dealt with by an interim report and not wait until our final report.

THE CHAIRMAN: Personally, Col. Drew, I don't believe this is a matter that can be touched before we make our final report, otherwise you might have the strange situation of this Committee sitting hearing evidence under oath upon matters pertaining to the administrztion of the Department and a conference sitting somewhere else of some kind considering the same matters and coming to perhaps opposite conclusions. I believe in hearing all the evidence before we do our job and make any final reports and recommendations, but if you want to adjourn the discussion of this motion until Tuesday I am perfectly agreeable.

MR. DREW: All right, sir.

WITNESS: If I may interject from where I am sitting now a few words in connection with it so that you may consider it—?

THE CHAIRMAN: We will reopen the discussion.

WITNESS: Did you say I opened it?

THE CHAIRMAN: I say we will reopen it.

WITNESS: I am more inclined, Colonel, to agree with Mr. Nixon's suggestion for the reason that I don't believe this Committee has the power to authorize, pay and go into long conferences of this kind, but if the Legislature authorizes anyone to call a conference of course they have full power then under the authority of the Legislature. So far as a conference being called, Colonel, I think the suggestion is an ideal one and I don't mind saying to you that I have called many conferences of a similar character, but only as Minister of Lands and Forests, without authority from anyone to back me. Conferences of this kind will be more than one day or one week conferences, there will be many conferences. Let us imagine, for instance, the railroad companies sit in and the newsprint producers sit in and the labour men sit in, why, we will hardly get the decks cleared at one day's conference because they have all their own selfish ends to meet. I could outline where the railroad companies could help out in the development of these natural resources and at the same time make money, by reducing their transportation on pulpwood to certain points. Well, those people who are representing the railroad companies couldn't make a decision on their own account, they would have to confer with their executives and so on and so forth, and then probably go to the Railway Commission. So that it is one of these conferences that will have to take days and weeks and months, but it would be worth while if they do the things that they ought to do in the long run.

I had a conference as the Colonel said here, a two-day conference, Mr. Spence was with them on both occasions, and Mr. Cox, someone from the Abitibi, Iroquois Falls, Sault Ste. Marie, Fort William and Port Arthur, and they wanted to know what this proration meant. We went into it very thoroughly, we took our time, several hours at a time, talking continually, they were well informed, and I said "This is what the Government is aiming at by this proration policy. We are not married to it. If we can see anything better to bring about stability in this industry we will do it."

At other times there has a labour delegation come to me and I have said the same thing, "You fellows are going to sit here to-day and to-morrow, and come up and see me to-morrow and talk it over yourselves," and to my surprise they came in and they said, "We have no solution, Mr. Heenan, other than to carry on as you are doing, with the exception we hope you will be able to make some of these companies who are now taking tonnage from the other side—"stealing tonnage" as they call it, from the other mill—behave, and whip them into line."

It is true that we have ghost towns, but I want to say to you if it were not for this proration policy we would have more ghost towns in Quebec and

Ontario than we have now. It is true no one company has the right to make a great lot of money and employ a lot of men without regard to their neighbours, and under the policy of proration whatever labour there is is spread all around amongst the different communities. As I said to you once before, Colonel, before we had the proration policy we had one company actually going out and taking the tonnage at cut-throat prices more than the capacity of his own company to fill those orders and then farming out to other companies a few tons here and a few tons there to keep them quiet, and he was taking his commission and everything else off. So that we had to do something, and I am not married to that to-day and I am sure the Government is not married to it if we can find something better. We had to spread the labour around, whatever there was, and the men are satisfied so far as I know and any delegation that has ever come to me has finally said, "Well, Mr. Heenan, we know what you are aiming at, the idea is good and we are satisfied but we want you to make us all live up to the same rule," and it was to do that that these Orders-in-Council that are now Exhibits were put through. So that the conference, Colonel, would be a continuing conference in that way to arrive at something worth while, and if they report to this Committee a year from now—

THE CHAIRMAN: Not this Committee a year from now, I hope.

WITNESS: —a year from now, if they are able to report anything of substantial progress they will have done well for Canada.

MR. DREW: I agree with the Minister in that. After all, if one looks at the record of committees on much less important subjects than this, it is very rarely that a constructive report is brought in in less than a year, and we are dealing with something that is an accumulation of problems over a period of almost the whole life of this country. I am certainly not anxious to have it extend any longer than necessary, but I think it is perfectly apparent that we are a long way from the termination of this enquiry if we are going into the job that needs to be done, and I am going to turn at once to the point the Minister has raised, because that is one reason I think a voluntary conference is so much better, that you get a quick breakdown of ideas that you cannot get here, an idea coming in contact with the idea of somebody else where he is able to line it up with his own experience in another field.

MR. COOPER: You know, Colonel, there is a war on now and it may be that all of us will not be here a year from now.

MR. DREW: Our Committee can bring in their report. But in all seriousness, because there is a war on is all the more reason there should be something done.

THE CHAIRMAN: I am heartily in accord with that and I think we should proceed with the job and the argument can take place afterwards. In the meantime it might be well to continue examining the witnesses and ascertain the facts.

MR. DREW: Mr. Chairman, I am not going to make any apologies for wasting the time of this Committee and I hope between now and Tuesday there will be a consideration of the matter to the end that on Tuesday the Committee may decide to bring in an interim report.

THE CHAIRMAN: All right. Go ahead.

MR. DREW: Q. Now, Mr. Heenan, we were dealing with the Pulpwood Supply Company when last we were taking evidence here. Have you any correspondence or memoranda which was exchanged between yourself and Mr. Sensenbrenner or anyone representing him in regard to the construction of this canal for the carrying of logs from the Long Lac out to the market?

A. Without looking at the files for a minute, Colonel, Mr. Sensenbrenner, who did the whole negotiations, made an agreement with us—I will answer your question directly in a minute, but my recollection of it is this, that so long as we agreed to construct a waterway, a sluiceway, for the Pulpwood Supply Company to take their wood from Long Lac to Lake Superior that was all Mr. Sensenbrenner was interested in; that is all we were interested in as the Department of Lands and Forests; the amount estimated was $250,000 and we made an agreement putting in, in case it might be a little more, $300,000, in the agreement. Now the construction of the waterway as it is now, the canal, was only after consultation with the Hydro; in other words, I asked them—I think the correspondence will show that—or I told them we were going to do this, we were going to spend this amount of money on the sluicing of logs, and inasmuch as they have been discussing the reversal of the waters from Long Lac and this river would they be interested in making a permanent canal so they would be at all times assured of a permanent water supply or drainage from that area? So that Mr. Sensenbrenner has nothing to do with that end of it whatever, it is a decision between the Government and the Hydro as to the canal itself. Do you follow me there, Colonel?

MR. DREW: Yes.

WITNESS: So that Mr. Sensenbrenner is paying on that portion of that that was allotted to the sluicing of logs, not with the canal itself proper, and the Government and the Hydro in their judgment decided to go through with the canal. So that there won't be any correspondence— Yes, there will, there is correspondence on there—now that is another thought that comes to me, for the reason that it was doubtful when we were going through with the bigger canal as to when we would be able to complete that, and so we gave them an extension of time; that is to say, if the finishing of the canal was delayed so that they knew they would be unable to sluice their logs down, then the delay in building their mill was to be extended to a corresponding time. Now whether the correspondence or the memos will lead up to that I am not sure, but the agreement provides for that.

MR. DREW: Q. Is that waterway completed now?

A. Yes.

Q. And when was it completed to a point where logs could be carried through it?

A. June, 1939. I thought it was May—but June.

Q. So the waterway was completed in June '39?

A. Yes.

HON. MR. NIXON: Q. And it has been used?

A. And it has been used for the sluicing of logs, yes.

MR. DREW: Q. And is the mill under construction?

A. No. They have until September, 1940.

Q. Have they done anything? Have they started work on the construction of the mill?

A. No, no.

Q. Well, the agreement calls for a beginning being made before now?

A. Yes, I know.

Q. What is the situation in that respect?

A. Well, we don't regard them as being in default, in this way: When the time comes for the completion of the mill we would not argue about a month or two or six months at the beginning of it as long as they are completed; in other words, the agreements generally call for this, that they will start to construct the mill by a certain time and complete it by a certain time; well now, if they complete it within the time we don't regard them in default at all—it never has been.

Q. Well but, Mr. Heenan, I am just looking for that paragraph in regard to the mill?

A. I haven't the agreement before me, Colonel, but my deputy advises me that as long as they start about the last of September or the first of October, 1940, they are not in default. I thought it was "completed" by that time.

A. As long as it is completed by September this year—?

A. No, started.

THE DEPUTY MINISTER: Yes, but by virtue of the fact that this diversion was not completed until June, 1939, having regard to the season, they, according to our interpretation, will not be in default until September of this year, providing at that time they do proceed with the construction of their mill.

MR. DREW: To what paragraph in that agreement were you referring?

THE DEPUTY MINISTER: I have not the agreement here.

MR. DREW: It is in the book in front of you there, page 99.

THE DEPUTY MINISTER: What paragraph?

THE CHAIRMAN: Page 100 I think.

THE DEPUTY MINISTER: On page 101, Colonel, at the bottom of the page I think you will probably find where the principal agreement was amended. The principal agreement covering paragraph 27 was amended by the substitution of the new paragraph.

MR. DREW: But that is only in regard to the liability of the Crown, not of the company.

THE DEPUTY MINISTER: On page 100, paragraph 2, where the principal agreement shall be amended by adding certain portions. It was thought, if I recall correctly, that the canal should be completed by the spring of 1938. As a matter of fact it was not completed, if I recall correctly, until June, 1939, and that meant that the difference in the time as originally contemplated would be passed on to the company and they would not be required to commence the construction of their mill for a like period equivalent to the difference in the time, and according to that interpretation they would have, that is according to our interpretation they would have to begin the construction of their mill in the fall of 1940.

MR. DREW: Q. Has there been any correspondence exchanged between the Department and the company in regard to that point?

A. About when they are going to begin?

Q. When they are going to start the mill?

A. Oh, yes. Not correspondence, no: The president of the company and his lawyers come in every once in a while when they visit Canada and I invariably say, "Well, when are you going to start to construct?" They tell me what they are doing about it and so an and so forth and, as I said at the last meeting, Mr. Sensenbrenner said, "Mr. Heenan, we always live up to our agreements in Canada even more than we ever agreed to and we are not going to fall down on this."

Q. Of course, Mr. Heenan, I am not questioning your own conviction that Mr. Sensenbrenner may do that, but the fact remains under this agreement itself Mr. Sensenbrenner is not obligated personally in any way and on page 100 of the report and in paragraph 2 of the second agreement which amended certain provisions of the principal agreement it was provided—

> ". . . that the Crown shall have completed the herein recited water course in accordance with the terms of this agreement, the Company, not later than September 1, 1939, will commence the construction of a pulp plant on or near the north shore of Lake Superior or such other place as the Minister may approve, having a capacity of 100 tons of pulp per day, and the said mill shall be completed ready for operation not later than the first day of October, 1940. Provided, . . ."

and then these words seem to me to throw a great deal of light on it—

> ". . . however, that in the event that the said water course is not com-

pleted sufficient for the driving of the company's logs within the time provided for in this agreement, the Minister will extend the time for the commencement of construction of the said mill and for the completion thereof to the extent of the delay in the completion of the said water course."

It is not right that that is as Mr. Cain has said, and in fact I don't see how it is open to any such construction?

THE DEPUTY MINISTER: Well, would you give me your interpretation of that, Colonel?

MR. DREW: Certainly. That that mill should have been started September 1st, 1939, because the water course was completed before that date.

THE CHAIRMAN: No, no, "Provided that the Crown shall have completed the herein recited water course in accordance with the terms of this agreement, . . ." Now, in accordance with the terms of the agreement the water course—

MR. DREW: It is perfectly clear.

THE CHAIRMAN: Yes.

"The Crown agrees that it will, with all possible dispatch, proceed with the completion of the above recited water-course (reading from page 98) from Long Lac to Lake Superior, and that the said water-course shall so far as is possible, be completed ready for use by the said Company (and sufficient for the economical driving of not less than 100,000 cords of pulpwood during the driving season) during the year 1937, ..."

MR. DREW: Oh, yes, but the only qualification I see is with regard to certain obligations to the Crown; it does not in any way fix the time that the mill shall start. The last words of this paragraph indicate perfectly clearly what is the intent:

". . . the Minister will extend the time for the commencement of construction of the said mill and for completion thereof to the extent of the delay in the completion of the said water-course."

This was a different water-course than any ordinary sluiceways, this was a canal built for the purpose of getting power as well, and as this canal was completed last June there could be no possible reason, in my opinion, for not starting the mill on September 1st last year. But in any event, as that is a matter of administration, I thought the Department should have something on record as to the understanding of the company in regard to the time at which the mill will be completed, and I would ask whether or not there is anything on record by way of letter or memorandum which shows the arrangement which now exists between the company and the Department with regard to the beginning of the construction of this mill?

A. I would say I didn't think it was necessary, for this reason, in all these agreements, Colonel, you will find there is a compromise that the Crown will not be responsible for any delay in the construction of the water-course. Then

on the other hand we say that the Minister will extend the time—not "may," but "will" extend the time for the commencement of the construction of said mill and for the completion, so that would extend to the delay in the completion of the said waterway. Now we were a year late and consequently I interpret that to say that the Minister will extend that time.

Q. Well, Mr. Heenan, the only possible reason for deferring the completion of the mill, surely you will agree with this, and the only possible reason for deferring the beginning of construction on the mill would be that the company could not be sure of getting its products out because the waterway was not completed? That would be the only reasonable reason, wouldn't it?

A. That is right, they wanted to be sure.

Q. That being the case, since the waterway was completed in June of 1939 what possible reason could there be for the company not beginning the construction of the mill on September 1st, 1939, as the agreement originally provided?

A. Because I arranged with them that they didn't need to start till a year later. When we talk in orders—

Q. Is there a letter or memorandum to that effect?

A. No. When we talk in orders, Colonel, you understand we take a logging season.

Q. Yes?

A. And if you can't do work then you are extended to a year, the next logging season, you have got your logging year, we call it, like the seasons in terms of years. If you go by one logging season then it is a year before you have the next logging season.

Q. I am not labouring this point for the purpose of impressing neglect or anything of that kind—?

A. I think I see what you mean.

Q. —but let me get this: There is an agreement with him which, in the first place, places under the authority and under the control of this company, subject naturally to all the restrictions that are involved, an area of 2616 square miles of forest territory; as part of that agreement this company owned entirely by five large American corporations, is given the right to export to the United States products of the forest from this area and then obviously as one of the conditions of that arrangement a provision is made that they will build a mill which will have a capacity of at least 100 tons of pulp a day. Now that surely is an extremely important balancing condition in this agreement, and the agreement provided that the beginning of the construction of that mill should be on September 1st, 1939. Without arguing as to whether your interpretation is right or wrong the fact remains that you took the position that although the waterway was completed before September 1st, 1939, but not completed in 1937, that you were then compelled to extend the time for beginning work on

this mill. Well now it would seem to me merely as a matter of business administration—and we are talking about the administration of this Department—it would seem to me logical that there would be a great deal in this correspondence between the Department and the company that would fix the time that construction of that mill was to commence. Wouldn't it seem the reasonable thing to put that on file as a matter of record?

A. Colonel, if I had been looking at it through your eyes I would have said "yes," I would have had a letter on there saying according to my interpretation he must do so and so and so and got his reply, but we just didn't do business that way.

Q. Don't you think it would be a good thing if it were done that way?

A. It wouldn't do any harm; I don't see what good it would do.

Q. Now, Mr. Heenan, we are getting on pretty well, don't you think something like that in the future—never mind what has happened in the past, it isn't necessary to defend or to argue—don't you think it would be a good thing from the point of view of administration in regard to any of these contracts that provide that something is to be done at a fixed date, if it is not going to be done there should be something on record in the Department which constitutes in effect an understanding between the Department and the company as to what will be done?

A. Well, Colonel, in that Department for years and years they have been lax in that kind of thing, but you have got to do business with men in good faith. As I said to you the other day, there is not a single agreement with the Province of Ontario that has been lived up to, there is no memorandum, there are no letters passed—at least very few—as to why or anything else. Now here is an agreement and it is so manifest that I cannot see the necessity of any further correspondence until the time they are to commence the building of their mill. They make an agreement that they will build a mill, we make an agreement we will build a waterway, obligate ourselves to build a waterway, we say that if there is any delay in the construction of this waterway the Crown cannot be held responsible, then we say to them, "If there is any delay in the completion of this waterway we will extend your time"—it doesn't say proportionately but that is what it meant—"and if we delay a year we will give you an extension of time for a year; if we delay two years we will give you an extension of time for two years" and so on. I don't see any necessity for any further correspondence; if at the beginning of October, 1940, they are not constructing a mill my interpretation of the policy of the Department will be to say that "you are in default."

Q. I am quite prepared to admit that although we disagree on that it doesn't settle the thing one way or another, but what does strike me as important is this, that this Department should be so operated from a business point of view that anyone could come into that Department—I am not speaking of you as an individual—but if any Minister leaves that Department and another Minister comes in that they could immediately go to a clear record and find out what the status of any particular agreement is. Now, here was an agreement that called for the beginning of the construction of a mill, which was obviously an extremely important part of this agreement, by September 1st, 1939—

THE CHAIRMAN: Subject to certain conditions.

MR. DREW: Subject to certain conditions, and of course I don't agree with the interpretation that is given at all but that doesn't settle it one way or the other, but what I do say is, having regard to the obvious questions that might arise, it would be a perfectly simple thing and perfectly certain any ordinary business man would put something on record that would establish the understanding between the company and the Department just the same as if it were between two companies so that somebody coming in who was a stranger to these negotiations could say that "I find in the case of Pulpwood Supply they originally agreed to start work on this mill on the 1st September, 1939, but that the Minister by an exchange of letters agreed with them that they should begin the 1st of September, 1940." I am not going to extend that any further, but as far as I am concerned it seems to me perfectly apparent that departmental methods would call for some such record so that a stranger could follow those negotiations and know what had taken place.

THE CHAIRMAN: I am not speaking particularly to that point, but I think it would be well to read again the terms of that section 1 (a):

> "1.—(a) Provided that the Crown shall have completed the herein recited watercourse in accordance with the terms of this agreement, the Company, not later than September 1, 1939, will commence the construction of a pulp plant . . ."

I submit the whole thing is very clear, by the time, which I think was 1937, and the company was not legally bound to commence construction of its mill before that time, although it isn't completed.

MR. DREW: I don't agree, and as we have no judge present I can't get a decision.

WITNESS: Mr. Chairman, the difference between us is this—either one may be right—

THE CHAIRMAN: You may both be wrong.

MR. DREW: That has happened more than once.

WITNESS: My experience in that Department, and before I was made Minister, because I was interested before that, was that these agreements with the Crown are not drawn up in what you could call the legal sense in every aspect. If you will go through all agreements that I have seen up to the present time, I regard them as a permit from the Crown to do certain things, except with the Crown it is not a case of going to court, the Government says you are in default or you are not in default taking all the circumstances of the situation as they prevail. Now, if I had been thinking that a very excellent lawyer like Col. Drew was going to be in the position that he is to-day and was going to scrutinize that I would have gone down town and got very eminent lawyers to scrutinize that—"Will that bear scrutiny in court? Will that stand up in court?" But it doesn't stand on any court, the Government is the last resort, is the last appeal from it, so, while there are words left out here and there, we know what it means, they will build a mill in 1940 or they are in default, it doesn't matter what the court or some lawyers say.

MR. DREW: Q. Not to digress too much, I remember a very amusing play in New York some years ago in which there was a man running for president and his platform was that he believed all business should be run by love. Now I don't believe that, but whether it is a government or otherwise I do believe and I say that if you do feel my presence is going to change certain methods then I think it is a thing that will be of some help?

A. I will say this, Colonel, your presence and your criticism up to the present time have placed me in this position, that from now on I am going to have more stenographers in my Department and maybe another lawyer or two, if the Government will allow me to increase my staff.

Q. Well I think, with resources of this value, if a few extra stenographers are needed to get the job well done they might well be employed.

HON. MR. NIXON: I don't want to leave the impression that that is a faulty agreement; it seems to me it is a very good agreement and very clear.

MR. DREW: I was not questioning the agreement, I was questioning the lack of records as to the interpretation of the agreement between Mr. Heenan and the company.

HON. MR. DIXON: I doubt whether you could get sufficient support for your interpretation of that agreement.

MR. W. G. NIXON: Q. Mr. Heenan, were there conferences between yourself and representatives of the companies in respect to—?

A. Practically all these agreements, Mr. Nixon, that have been made in the Department are as a result of conferences. There may be memorandums such as I have read out here, in abundance, I think, from the Abititi and the foresters, as to the quantity of timber that was on and the obstacles that have to be overcome for logging, or the economic situation; except for those things all these agreements are made by conference, always have been and always will be.

Q. By former Ministers as well as by you?

A. Oh, surely. And even after the agreements are entered into, conference after conference—conference after conference.

Q. You came to a satisfactory understanding from your point of view in respect of the time before the mill would be—?

A. Take the old agreements, now, we had here years ago, we have con-conferences yet and representations made in connection with them, why this couldn't be lived up to and why that could be something else in place of that, and so on and so forth, and it is one of these things that every Minister has had to deal with, and I will have to deal with it and the next fellow a hundred years from now will have to deal with it, and so on, try to arrange with these men and handle their production in the most economical way so that they can sell their product, that is the whole thing behind any one of these agreements.

Q. It has been suggested this morning we should have additional conferences?

A. Well, the conference that I understand, Mr. Nixon, this morning, is a different kind, it is a conference to, as I understand it, gather together all the factors, all those who are related to the development of the natural resources and who wish to be a party or contribute something towards the idea as to how we can handle our natural resources more economically so that we can compete in the world market; that is a different kind of conference as I understand.

MR. W. G. NIXON: I quite understand.

MR. DREW: Q. Now, Mr. Heenan, you tell me that the waterway is completed and that logs have been floated out through that waterway. How much, by the way, has been floated out through that waterway to date?

A. Colonel, they have floated the logs that were to be floated when we finally had the waterway completed and I think it is 30,000 cords that has been cut and exported—already cut—is it exported yet?

THE DEPUTY MINISTER: No.

WITNESS: That has been cut.

Q. 30,000 cords have been floated out through that waterway?

A. Yes.

Q. That would be last year?

A. Yes. If you had a little time I would like to show you the pictures of that waterway and you would see it was a well constructed waterway still.

Q. As a matter of fact I have flown over it.

A. It is better to sail up, Colonel, you are closer to the water.

Q. I would like to see it in moving pictures and see what was done there—or photographs of it. But on that point, Mr. Heenan, is the work all completed on that that is going to be done for the present, on that waterway?

A. With the exception of, and I am not going away back into history again, but still you want to know, it is contemplated that some day we will have an agreement between the United States and Canada with respect to the deepening of the St. Lawrence, and in that treaty there is a provision that Canada will get the benefit of their domestic waters that are traversed into Lake Superior, so that we will get the benefit of that water at the mouth of the Black River, then at Queenston your other water of Niagara Falls, or different places, as they go along, so that we want to be in a position to utilize those dams in the event of floods quickly; at the present time we lift them up by man power, that takes too long, so we spent about $4,000, I understand the Hydro has to put

an electric machine there to lift and lower them quickly. That is the only expenditure now.

Q. As far as the present stage of the development is concerned, they are actually putting in the necessary machinery to produce power?

A. Yes. It is completed.

Colonel, if you don't mind me, just to keep the record straight as they say—I am getting used to that word now—

Q. Yes?

A. I like it. In that 2616 miles this company has the right only to the pulpwood, they have not the right to any other species of timber such as saw log timber which may be taken out for saw milling or any of those other purposes, you see, so that we control that waterway ourselves now, the Government, and therefore if we can get someone to go in to cut the other species of timber in there they don't have to pay toll to Mr. Sensenbrenner, they pay toll to the Government if we charge them toll, we have control over that waterway completely ourselves, and I think it is the only waterway in the Province of Ontario where the Government has control of it to that extent, and I am hoping before this Committee rises that we will empower the Minister or the Government to go further into that principle so that if one man under The Rivers Improvement Act gets his dams up and his waterways that he can't charge toll to the other boys behind him—there are so many ramifications in the Department (I am liking the way you are talking about it) which can be done so as to stop one preventing the operation of someone behind him and making it more uneconomical for each other to operate.

Q. Well now, just to go back to this agreement as to the construction of the mill for one moment and then I am finished with that, and I want to use the term that you have used a moment ago, as a matter of record just to clarify it: Is there a definite agreement at the present time that the Pulpwood Supply Company will begin the construction of this mill by the first of September, 1940?

A. Yes.

Q. I mean that agreement is definite, is it?

A. That agreement is definite and their understanding, as Mr. Nixon said, that that is the date, that it is understood between the Minister and the officials of the Department and Mr. Sensenbrenner that that is the date on which they will start to build that mill.

Q. I see. So that—I only want it without any doubt—so that there won't at any future time be any misunderstanding about it, that—

A. Well, that is the understanding to-day, Colonel; now I don't know what may happen as between now and the beginning of the mill.

Q. But the point is, so far, subject to some new agreement or new arrangement—?

A. That is right.

Q. —It is quite definitely understood that they are to start work on the hundred ton mill not later than September 1st, 1940?

A. That is definite.

Q. Mr. Heenan, as you pointed out a few moments ago, this company has 2,616 square miles of territory?

A. Yes.

Q. I will make it quite clear why I am asking the question, so that you will understand what I have in mind. The thing about which I expressed some concern when discussing the Lake Sulphite, and which I have referred to already in connection with this, is whether our methods are scientific in determining the area which any one company should control; and, while there is no evidence before us to that effect, I think you will agree with me—I know the evidence could be introduced—that the areas that any one company could control in Sweden would be very much smaller than would be granted here. What I am concerned with is why companies with comparable production can carry on successfully and maintain their stand of timber in some cases with a quarter of the area or less than is granted to these companies. I am very much concerned with the extent of the accurate information which is used in connection with a certain area which is being granted to any one company. I have explained the object before I asked the question. That was the extent of the memoranda or evidence which you had from the officers of your department before you decided that 2,616 square miles was the amount or area that should be placed under the control of the Pulpwood Supply Company?

A. We have the records, here Colonel; but, like yourself, before we read the records, you cannot compare our companies' operations with those in Scandinavian countries. The Scandinavian companies utilize everything on the land, even to the refuse; if they cannot find a market for anything else, they make it into charcoal. You can make all the charcoal you like in Northern Ontario, but you could not sell a pound of it. It is true that the areas are large, as compared with these other countries; but you must not forget that when a Canadian company is established they want an area on which there is growing so many million cords of a specific character, such as spruce. Therefore they have to take in a large area in order to get in that amount of spruce on that area.

The trouble has been, Colonel, that in giving those large areas, the companies have assumed that through their agreements they controlled the area and all the supplies of timber on that area. That is what makes them look so large, and that has been the trouble.

Now we have taken from these companies all species except those which they use in their mill. For instance, the Abitibi agreement, we have taken all the large sawlogs, and all large size spruce, in fact, and the red and white pine, and all other species which will go for ties and poles and things of that character.

I do not know whether I have made myself clear or not, but if we had to

give a company five million cords of spruce, then we have to take in a territory large enough to give them the five million cords of spruce. That is the difference between our operations and those in Scandinavian countries.

The trouble is that when they get that area they have been able to argue that no one else should be allowed to go in for ties or poplar or sawlogs. Their argument is that these men are only going in for a short time to get out what they want, and will leave a fire hazard. You see, it is such a large and difficult proposition when you have a company which only wants one specific species.

I know you will come to the conclusion, when we go on a little further, and I am sure you will be good enough to admit it, that we have to work under The Forest Resources Regulation Act and take from them all that is not fair and reasonable.

Q. What average estimate has been placed on that area—how many cords an acre would you estimate on that area–

A. 4,300,000 cords on the full area.

Q. You worked it out on the basis of how many cords an acre?

A. I do not think we averaged it on the acre, Colonel.

Q. But you estimate how much?

Q. But you estimate how much?

A. On the Long Lac, estimated timber on the limits, and approximate location in blocks.

THE DEPUTY MINISTER: This is the report made on the Long Lac area in 1931, and it is a very complete report.

MR. DREW: Might I glance at that for a moment, it might save time?

MR. SPENCE: Q. Mr. Heenan, while the Colonel is paying attention to this report, and before he goes on with it, and while dealing with exports from say, Crown lands, just what are the restrictions on exports from, say, freehold lands, in Northern Ontario?

A. Of course the very fact that they are freehold lands would indicate that they are not Crown lands. We have only authority under the legislation to grant export from Crown lands. The freehold lands—

Q. There are large tracts of it, up in Thunder Bay, in the North country.

A. You are talking more or less about railway lands?

Q. Yes, railway blocks I am thinking about. Are there any large tracts so held that they have not been developed?

A. They were granted to a company by special legislation, and the special legislation calls for the manufacture in Canada. Therefore the Minister could not give export licenses without introducing legislation. It would require a speciall Bill from the House to repeal that clause to which you refer.

Q. It is due to the manufacturing clauses in the deeds. How would you get around it?

A. You cannot get around it unless you will introduce legislation. When lands have been granted in that way to railroad companies—if you will give me the name of the company?

Q. I was thinking about the large blocks in Algoma, nine blocks from Fort William to the Sault. How do they get around it there on the Algoma Central?

A. I think you are talking about the Algoma Eastern?

THE CHAIRMAN: I think he is talking about the Grand Trunk Pacific where they got the subsidy. Those are two different things. There were ten blocks. They belonged to the railways.

Are we talking about the ten blocks between Sioux Lookout and Fort William?

MR. SPENCE: That is a point where I know they are being developed.

THE WITNESS: The Algoma Eastern was granted lands by special Act of the Legislature, and in that Act it provides for manufacturing in Canada; and therefore they have no right to export and the Government could not give them a right to export, unless there was further legislation.

MR. W. G. NIXON: Q. Do you mean the Algoma Eastern or the Canada Transcontinental?

THE CHAIRMAN: You are speaking now of the lands granted to the Algoma Eastern Railway Company?

A. Yes.

THE DEPUTY MINISTER: Under the legislation, the Algoma Eastern clause provides that they shall be manufactured in Canada. As to the Algoma Central, a portion of it was subject to such a clause; and the other portion was not. On the Transcontinental, it is held by them under lease together with the Abitibi.

HON. MR. NIXON: Is there any manufacturing clause in that?

THE DEPUTY MINISTER: No.

THE WITNESS: There were representations made to myself, and, I think, to the Prime Minister, asking for leave to export from that territory; but we have no right to give them that leave.

MR. SPENCE: What is required to make the rights the same as on grants from the Crown?

THE WITNESS: I will tell you, Colonel, I am quite a fellow for taking a chance, especially if I think I may win. I say, if you can get an industry to establish on those limits, I will undertake to introduce a Bill as a Government measure allowing you to export a quantity of pulp, along the lines as we have done here, one in four or one in three, I think.

MR. SPENCE: Q. You see the point that I have in mind, that these lands are held without development, and there should be something done upon them so that we may get some money out of them. We have it on the shelf there, but we should have some action.

A. If it had been Crown timber, it would have been done.

THE CHAIRMAN: How are you going to draw the distinction between those blocks of lands, and lands owned by farmers or settlers?

THE WITNESS: I can tell you how to do it, Mr. Spence. You are a member of the Legislature, and you can introduce a Bill.

MR. DREW: Q. Just to follow this point through, before we adjourn. I would like to have produced any material that was before the Department for consideration at the time that they made the decision that this 2,616 acres should be the amount granted to the company under this agreement. We can do that when we start again.

THE DEPUTY MINISTER: We can do that, certainly.

THE CHAIRMAN: The Committee will stand adjourned until Tuesday morning at 10.30 a.m.

(At 1.00 p.m., Friday, February 16th, 1940, the Committee adjourned until Tuesday, February 20th, 1940, at 10.30 a.m.)

SIXTEENTH SITTING

Parliament Buildings,
Toronto, Tuesday, February 20th, 1940.

Present: Messrs Leduc, Chairman, Cooper, Drew, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, and Spence.

THE CHAIRMAN: Order, please.

Mr. Spence, I understand you have a question to ask of the Minister before we proceed?

MR. C. W. COX: Mr. Chairman, may I say a word? I desire to make some observations before the Committee, and I would like to ask permission. It is rather important.

THE CHAIRMAN: I am sorry I cannot hear you clearly, as there is an echo in the room.

MR. COX: Mr. Chairman, I would like to make some observations in connection with the industry. I have been connected with the industry and with the North country for some years. I think 80 or 90 per cent of the export wood comes from that district. We are affected very much by the Hydro development and I have some observations I would like to make at your convenience.

MR. COOPER: I understand, Mr. Chairman, that there is a witness in the box at present.

MR. COX: I am not pressing it, but at any time when it is convenient, I would like to be heard.

THE CHAIRMAN: At some time convenient in the near future?

MR. COX: I am going down South next week.

And might I also add that Mr. John B. Stadler, internationally known as a pulp and paper mill builder, expressed a desire and willingness to appear before this Committee. He was the engineer on the Lake Sulphite mill, and in talking with him he expressed a desire to come here to-morrow.

THE CHAIRMAN: I do not know that we can hear him to-morrow, Mr. Cox, but at all events we will take recognition of your request to be heard.

MR. DREW: I would imagine that it will be several days yet before we are finished with Mr. Heenan. I want to make it quite clear at this point that I want no impression left that this inquiry is even approaching a termination; and to those who may rather have been disapppointed at what they consider a lack of fireworks in these proceedings, may I say that I meant exactly what I said at the outset. My purpose is to pursue this inquiry deliberately and lay a foundation for an understanding of the broad methods of administration of the Department. And, once that is done, I have intimated that there will be a large number of witnesses dealing with details; and one of those will be Mr. Stadler, and I would welcome hearing Mr. Cox, because I know he has had a very close connection with the business.

MR. COX: I am not referring to my own connection with the business, although I was connected with it somewhat extensively for some years. But the City of Fort William and Port Arthur has a twenty million dollar investment under the policy enunciated by Sir Adam Beck, and those municipalities have been penalized in the past by contracts not having been carried out.

I think approximately a third of the revenue from that important department in some years also come from that same territory. I have some briefs

compiled. It will not take me very long to talk to you, ten or fifteen minutes will be all the time I require.

HON. MR. NIXON: Have we not a request from the City of Fort William to be heard?

THE CHAIRMAN: Yes.

MR. DREW: So far as I am concerned, I would be quite agreeable to interrupt the evidence now and start in to-morrow with this, if it is deemed advisable.

THE CHAIRMAN: So far as possible, I would like to proceed with one thing at a time. To-day, to-morrow and the next day we might make some progress with the present witness. We have present representatives of Fort William and Port Arthur, and Mr. Cox. We might hear them on Friday.

MR. COX: Yes, that would be satisfactory. I do not want to talk very long. I would like to have the opportunity of presenting my brief and talking to your for a few minutes.

THE CHAIRMAN: Will that be satisfactory to the Committee?

MR. DREW: So far as I am concerned I would have no objection to having that done to-morrow. There are those who, I understand, have requested the opportunity of submitting specific briefs, and I have no objection whatever to interrupting the present questioning and starting in to-morrow. My only thought is that we have already heard from Mr. Johnson that he wishes to be heard, and he is another representative from the head of the lakes; and the question arises in my mind as to whether we should not proceed to hear both those representations. At the same time, and if we are going to do that, I would really suggest that we start in to-morrow with that, instead of waiting until Friday, because that brings us to the end of the week, and I do not think that in the time we will have we will be able to deal with both of those. No matter how brief Mr. Cox thinks his brief is, it is bound to lead to discussion.

MR. COX: It will not take me more than ten or fifteen minutes.

THE CHAIRMAN: We can notify the city of Fort William and the city of Port Arthur, who have asked an opportunity for the public bodies to be heard here. Mr. Johnson is in town, and Mr. Cox is here, and it would be well probably to hear them all at the same time.

Will you come forward, please, Mr. Johnson?

MR. E. E. JOHNSON: Mr. Chairman, I am representing the city of Fort William and the Chamber of Commerce and the Industrial Commission. However, I think it would be very nice if you advise the mayor, Mayor Ross, that you have Friday set aside for them, because perhaps he and others might want to speak before you.

MR. COX: Mr. Stadler has expressed the desire to be here to-morrow—

HON. MR. HEENAN: To whom has he expressed his desire to be here?

MR. COX: By conversation.

HON. MR. HEENAN: His letters to me are quite to the contrary.

MR. W. G. NIXON: I would move that we have this hearing on Friday. Just a minute, first. Thursday will be satisfactory.

THE CHAIRMAN: Then on Thursday we will hear Mr. Cox and Mr. Johnson and such representatives as wish to come from the cities of Fort William and Port Arthur. You are the only one here from Port Arthur?

MR. COX: Yes.

THE CHAIRMAN: We will leave the matter in the meantime until Thursday.

HONOURABLE PETER HEENAN, Recalled.

MR. SPENCE: Q. I have just one question, Mr. Chairman. Mr. Heenan, have you given any more thought to the problem of developing the Eastern Central Railway lands or grants, that we had under discussion the other day?

A. No, I have not; but I have been thinking, as other Ministers before me have been thinking, of the advisability of exporting pulpwood from Eastern Railway lands over a period of years.

THE CHAIRMAN: Q. Do you mean Eastern Railway lands or the Algoma Eastern Railway lands?

A. Yes, the same thing will apply, as I understand it, to all freehold lands.

I have had letters and representations made to me from time to time by various interests, because these lands have been transferred from one to the other over a period of years. Some people make money, and I think some people lose money on the interchange.

They have approached me—I had better speak for myself, rather than for previous Ministers—they have approached me during the last five years, pointing out that since we are allowing the exportation of pulpwood from Crown lands, that they have a disadvantage in this way that they own this timber. They are not able to establish a large industry on it; and that we should give them the right, inasmuch as they have been paying fire taxes over a large number of years, that we should give them the right to make some money on it to keep it going.

As I said to you here, at the last meeting, I have always hesitated to do it, but I said to them on one or more occasion, that if they would establish an industry, no matter how small, to employ Canadian labour, I would recommend to the Government and ask the Government for permission to bring in a Bill to repeal the manufacturing clause.

Up to the present time they have not established a mill. They have been negotiating, mind you, and the negotiations are going on even with a country that is allied with Britain now in the struggle—with interests there. But they have not got to the point yet of saying, We will establish a mill with a certain capacity, or we will manufacture this or that. But in my judgment, if we are going to continue to export—and my thought is that we will have to continue export for a number of years, at least, on a limited scale, of course—that the more you spread the export out over a larger area, rather than concentrating it upon one area, the better it will be for employment—you will spread the employment.

I would not hesitate to recommend to this Committee, although it is a Government responsibility, the advisability of introducing a Bill at this session to cancel the manufacturing clause, of course under certain conditions.

The condition would be that we would make this new arrangement with them and charge them so much a cord for the Crown—we are not getting anything out of it now, you know—and it would be under direct supervision by the Department. You asked whether I had given the matter any more thought. I have been giving it thought for several years. I think it should be done, but I did not intend to introduce a Bill at this session in view of this Committee's sitting.

MR. SPENCE: I think it is very important that a Bill should be introduced to give them an opportunity to develop it.

A. I have told them to put up some kind of an industry, a barking mill, or something which would give employment. I have got them to start peeling, which in a measure is equal to barking because men in the bush are paid a high rate of wages for sap peeling, and so on.

Then, of course, the measure of the pulpwood would be pretty large, because a cord of sap-peeled wood is—we do not need to go into that, it is too darn scientific. I think the Crown should get revenue off it, if we permit it to be exported.

THE CHAIRMAN: Before we go any further, I think it might be advisable to put on the record the so-called manufacturing clause, which affects the spruce on lands granted to railways. I have here and I am reading from the Statute of 1904, Chapter 18, An Act Respecting Aid to certain Railways. Under this Act certain lands were granted to the Grand Trunk Pacific Railway Company and it includes the following subsection of Section 14:

"(2) None of the spruce timber on the lands so granted to the Grand Trunk Pacific Railway Company shall be exported in an unmanufactured condition from Canada, but the same shall be made into pulp, paper or other finished or partially finished articles of commerce within Canada, and all patents of lands granted to the said company shall contain a condition that all ore, minerals and timber upon the said lands shall be subject to such regulations as to treating and refining ores and minerals and manufacturing the timber within Canada as may be applicable from time to time to other lands within the province under the general law."

Then in the Statute of 1900, Chapter 30, which is An Act Respecting Aid by Land Grant to the Algoma Central Railway Company, I find the following Section 16, subsection 8:

"(8) None of the said pine timber, nor any of the spruce pulpwood on the said railway lands shall be exported in an unmanufactured condition out of Canada, but the pine shall be manufactured into sawn lumber or square timber, as required in respect of Crown timber by the manufacturing condition in Schedule A of the Act passed in the sixty-first year of Her Majesty's Reign, entitled, An Act Respecting the Manufacture of Pine Cut on the Crown Domain, and the spruce pulpwood shall be made into pulp or paper within Canada."

Now, the next one is An Act Concerning the Manitoulin and North Shore Railway Company, which later became the Algoma Eastern Railway Company. I am reading from the statute of 1902, Chapter 23, Section 8 and subsection 6:

"(6) None of the spruce timber on the lands so granted to the Company shall be exported in an unmanufactured condition from Canada, but the same shall be made into pulp, paper, or other finished or partially finished articles of commerce within Canada, and all patents of lands granted to any company shall contain a condition that all ores, minerals, and timber upon the said lands shall be subject to such regulations as to treating and refining ores and minerals and manufacturing the timber within Canada as may be applicable from time to time to other lands within the Province under any general law."

Those are the manufacturing conditions concerning the three railroads.

HON. MR. NIXON: After this matter was brought up the other day I was very favourably impressed with the suggestions and the circumstances under which Ontario and Canada are working to-day, and to bring the matter to a head I drafted a resolution, which, of course, I am not insisting on any of the wording contained therein, but simply to test out the feeling of the Committee, because if any legislation is to be passed this session, the possibility of the House adjourning Friday, or proroguing Friday being present, you should make an interim report to the House this afternoon, not only on this matter but on the other matter Colonel Drew brought up about a conference. I suggest that something along this line might be considered:

"And this Committee further recommends that in view of the opportunity now open to Ontario to secure the market in the United States for peeled pulpwood formerly enjoyed by Scandinavian countries, the acts conveying deeds of timber lands to railways and other corporations be so amended at this Session as to permit the export of such pulpwood or that the Legislature by special act empower the Minister of Lands and Forests to authorize such export on an annual permit basis under departmental regulations."

The Minister suggested that these old Acts should be amended, but it does seem to me that once we give them the statutory right to export wood it would be a very difficult matter to ever take it away from them and I would much prefer

that any problems of this kind should be on an annual export permit basis under departmental regulations and not change the Acts which convey the timber and land. It would be difficult indeed to ever take them back.

Now, it was stated by operators that the operation of cutting pulpwood and peeling and exporting it was very productive to labour and I think it is said that there was $4 paid for labour for every dollar paid in bush operations. Is that not correct, or was it $2?

HON. MR. HEENAN: Yes. I think that was a little out.

HON. MR. NIXON: I think it was $4. And, there are large areas here which have never had any operation on them at all and it seems to me that under these circumstances where it is desirable to balance off our trade with the United States in so far as it is possible to do so, now that we are purchasing such tremendous quantities of war materials from the United States and the exchange rate is so adverse against Canada, that for a few years we might very properly permit these people to export a limited quantity of peeled pulpwood from their holdings.

I have always felt it was a right and proper thing to take the harvest from our natural resources, making certain always that proper seedings were left for propagation of the species, but to let these vast areas lie inactive for generations and simply mature and blow down, rot or burn up, surely is not good forestry.

Therefore I am prepared to move such a resolution or amend it in any way you see fit in order to convey to the House the feeling of this Committee.

MR. COOPER: It is also true that there has been evidence given here, if I understand correctly, that the Southern Pine competition is looming up now and if we do not take advantage of that we may find it on our hands with no market in the future.

MR. DREW: I must admit I am rather anxious to know what the attitude of the Committee is going to be in regard to the resolution I produced the other day before I would pass an opinion on this resolutiou, not because I want to balance one against the other, but because when the resolution was introduced the other day the point was made that this Committee should not make recommendations until the proceedings of the Committee were terminated. If this Committee was prepared to consider those things which have already been sufficiently proved by evidence then I am prepared to discuss another resolution on the same basis.

THE CHAIRMAN: Mr. Nixon, you have no objection to Mr. Drew's motion being considered first?

HON. MR. NIXON: No.

THE CHAIRMAN: Mr. Nixon states that he has no objection to Colonel Drew's motion being considered first.

There is a motion made by Colonel Drew, read by him at the last session of this Committee, of which I have a copy in front of me, but I suggest the motion should end at the word "government".

HON. MR. NIXON: Dealing with the motion of Colonel Drew, as I pointed out the other day in the brief discussion we had on the matter, I felt such a conference desirable but that it should be called by the Premier or the Minister of Lands and Forests rather than by the chairman of this Committee.

This Committee was given certain definite instructions from the House, which were to hear evidence under oath, and so on, so I propose to move that the motion made by Colonel Drew be amended by striking out all the words after the word "Committee" in the second line and substitute the following:

> "To report to the House that in the opinion of this Committee, the Minister of Lands and Forests should at an early date take the necessary steps for the purpose of holding a conference or conferences between representatives of the different groups interested in the effective utilization of our forest resources, including:
>
> 1. Industry which uses our forest resources as raw material.
> 2. Labour engaged in the cutting, manufacture, distribution and sale of our forest resources.
> 3. The independent operators who cut and sell forest resources.
> 4. Transportation companies.
> 5. Power producers."

MR. COOPER: I am prepared to second that motion.

MR. DREW: There is only one point which arises in connection with that. When this was discussed the other day, this of course follows, I recognize, in line with your suggestion the other day, you take the exact wording of the resolution I moved except for the word "government", which as I read it, it is to be called by the Government or a representative of the Government. This Committee is called for the purpose of enquiring into the administration of the Department of Lands and Forests, and it may be only a technical point but I think that it should be kept in mind, and I thought when you raised it the other day that you suggested it under such circumstances. Though it should probably be the Premier who calls the conference, my feeling is that having regard to the fact that this is really a conference called by the Government it would be better to report to the House that in the opinion of this Committee the Premier should take the necessary steps.

HON. MR. NIXON: I discussed that yesterday afternoon with the Premier and he expressed the wish to be relieved of the responsibility of sharing such a conference and he expressed his complete approval with the suggestion that he would do his utmost to attend and speak to such a conference but he felt that it might more properly be that of the Minister of Lands and Forests.

THE CHAIRMAN: This conference would be lengthy, you know.

MR. DREW: Quite. I would move an amendment to your resolution. It only has the effect of changing the actual person who calls the conference and that is because in my opinion as this discussion deals with the administration of the Department of Lands and Forests, and as one of the Ministers is Chairman of this Committee, I would move by way of amendment that the resolution stand except

for the words "That the Minister of Mines," who is the Chairman of this Committee, "should at an early date take the necessary steps."

The reason I make the suggestion is that the Honourable Mr. Leduc is the Chairman of this Committee and it would seem logical that as chairman of this Committee he should call this wider conference. So, I would move that amendment.

THE CHAIRMAN: Then we have a motion of Colonel Drew which was read into the record on Friday. We have a motion by the Honourable Mr. Nixon to amend this motion. And now we have an amendment proposed by Colonel Drew to have the words "The Minister of Mines" substituted for the words "Minister of Lands and Forests."

MR. DREW: Having regard to what was said the other day I would withdraw that motion in favour of this motion.

THE CHAIRMAN: Colonel Drew withdraws the motion he made on Friday and the question now before the Committee is that of the motion made by Honourable Mr. Nixon and the amendment suggested by Colonel Drew, which consists of substituting the words "Minister of Mines" for the words "Minister of Lands and Forests."

MR. DREW: I wish to explain the reason why I do that.

I withdraw my motion because this motion takes the exact wording of mine as to the scope of the inquiry but I agree with the suggestion rather than argue it here that the recommendation should be made to the House and that it should have the full authority of the House, then this would bring it back exactly to where my motion was, that the House would then give the authority to the Chairman of this Committee who is the Minister of Mines to call the conference and I suggest that is the proper course in view of the fact that this Committee is enquiring into the administration of the Department of Lands and Forests.

MR. COOPER: I move we have a vote on the amendment and see how the Minister of Mines feels about it.

THE CHAIRMAN. I feel the proper person is the Minister of Lands and Forests.

HON. MR. NIXON: I also have that feeling. You know how highly I regard you personally, and I would not reflect on you in my vote in this matter, but after all this is a matter which pertains to the Department of Lands and Forests. It is the Department which will be working out any suggestions made and it does seem to me that the Minister of Lands and Forests is the proper individual to call this conference.

MR. DREW: Well, Mr. Chairman, on that point I would not want that to pass, because we must not forget that the purpose of this inquiry is to try to produce some constructive recommendation in regard to the Department of Lands and Forests and for that reason the Minister of Lands and Forests has been and is now being questioned in regard to certain details in this matter.

After all, if the Minister of Lands and Forests had thought that such a conference was desirable he could have at any time called such a conference. This now comes as a recommendation from the Committee following the enquiries we have already had here and without in any way reflecting on anyone connected with these proceedings. It seems to me to be proper that the Chairman of this Committee should with the authority of the House be the person to preside over the opening stages of this conference, and then without a doubt the conference will make some recommendation in regard to its chairmanship.

HON. MR. NIXON: The instructions given to this Committee by the House were very definite in the way of hearing evidence under oath and calling witnesses. I do not think it was ever in the mind of the House that this Committee Chairman should be the Chairman to enter into such an undertaking as this.

THE CHAIRMAN: I think I had better put the question to the Committee.

HON. MR. HEENAN: Before you put the question to the Committee I would like to say a few words. I am not going to vote on the question one way or the other. But I regard the amendment of Colonel Drew as a reflection on the Minister of Lands and Forests and the Department of Lands and Forests. The Committee has attended to inquire into the administration of the Department of Lands and Forests and we are here, ready, and we do not give a damn how long you sit to do it.

THE CHAIRMAN: The word "damn" will be expunged from the record.

MR. DREW: I think it should be left in. It makes it more natural.

HON. MR. HEENAN: Here is substantial evidence of what has been done in the last five years, and so far as I am concerned I am satisfied with what was being done by the Department in previous years. We are getting away from that now altogether.

We are now almost substituting another body to enquire into the administration of the Department of Lands and Forests with the Minister of another Department as chairman.

The Department of Lands and Forests will not know when the Chairman is ready to call the conference. We have been here now I think for about a month on this matter, with our entire department upset looking for files in order to answer questions in regard to this and that, with our original staff with the exception of probably two additions, and it has been diminished because of marriages and deaths and one thing and another and we have not added to it.

In regard to the remarks of Colonel Drew that the Minister could have called a conference if he wished: I thought I gave evidence here the other day under oath that I had called many conferences of a similar character but that they have not availed of any result for the reason that I did not consider that I had any backing other than it was just the Minister of Lands and Forests who called them.

If the Committee authorizes the calling of these conferences, then we have the

backing of the Committee and the Legislature, and to suggest that some other person, whether it be the Minister of Mines, or anyone else, should preside over a conference such as this, I take it as a damned insult.

THE CHAIRMAN: Again the word "damned" will be expunged from the record.

HON. MR. HEENAN: And I am not sure that it is not intended as such.

THE CHAIRMAN: Let us have the vote.

MR. DREW: No, no; not for a moment.

I am sorry that the Minister of Lands and Forests has gone so far as to forget himself and make a statement of that kind. I say there is the greatest reason why he should not call that conference and I certainly have a complete lack of confidence in him.

HON. MR. HEENAN: You sit here and finish your job. That is what the Committee is here for.

MR. DREW: That is one of the reasons I think someone else should call the conference.

As for it being a reflection on the Minister, I explained in very clear terms why I thought it was desirable that someone else should call the conference, and I, for one, would have no confidence in any conference called by the present Minister because he has already said he has called several conferences and he cannot give us the report of one of them to indicate what has taken place. The delay here is due to the fact that his Department has no records of any kind.

HON. MR. HEENAN: That is not true. It is because the Colonel has been asking such damn silly questions that we have not been able to get them.

THE CHAIRMAN: We are drifting from the question now before the Committee.

MR. DREW: I think the Minister is giving excellent evidence every minute as to the reason why he should be the last man in this province to be the Chairman of the Conference.

THE CHAIRMAN: Order. I think we had better stop that discussion. Both Colonel Drew and Honourable Mr. Heenan have expressed their views.

I will call for a vote on the motion. All those for?

MR. DREW: Yes.

THE CHAIRMAN: And against? Unanimously? No.

Shall the motion be adopted?

The motion is adopted.

The other motion before this Committee is that of Honourable Mr. Nixon, which he read and which I shall read again:

"And this Committee further recommends that in view of the opportunity now open to Ontario to secure the market in the United States for peeled pulpwood formerly enjoyed by the Scandinavian countries, the Acts conveying deeds of timber lands to railways and other corporations be so amended at this Session as to permit the export of such pulpwood or that the Legislature by special Act empower the Minister of Lands and Forests to authorize such export on an annual permit basis under departmental regulation."

HON. MR. NIXON: Some members object to the wording of it. I was not familiar with the Acts until you read them here this morning.

HON. MR. HEENAN: Now that I have that off my chest and I have cooled down again, will you pardon me if I say that I think we should change the word "Scandinavian"?

HON. MR. NIXON: Probably all reference to that should be left out.

HON. MR. HEENAN: That is what I think.

HON. MR. NIXON: I have stood on the bank of the St. Lawrence River and seen tremendous boatloads of peeled pulp which came right across the ocean going up the Great Lakes and being sold at a profit to those countries.

THE CHAIRMAN: How would it be to put it this way:

"To secure the market in the United States for peeled pulpwood formerly enjoyed by other nations?"

MR. DREW: I am not going to make any suggestion or vote on it, because we have no evidence on which to vote for or against this resolution. This resolution is introduced without any supporting evidence of one kind or another.

HON. MR. NIXON: It is brought up by your colleague, Mr. Spence.

MR. DREW: We have no information upon which we can deal with a resolution of this kind. However, if you decide you are going to do it, you will do it.

THE CHAIRMAN: It starts with the words "Formerly enjoyed by Scandinavian countries." It is suggested that the words "formerly enjoyed by Scandinavian countries" be struck out from the motion, which will then read as follows:

"This Committee further recommends that in view of the opportunity now open to Ontario to secure the market in the United States for peeled pulpwood, the Acts conveying deeds of timber lands to railways and other corporations be so amended at this Session as to permit the export of such pulpwood or that the Legislature by special Act empower the Minister of Lands and Forests to authorize such export on an annual permit basis under departmental regulations."

Are you ready for the question?

MR. COOPER: Instead of saying "To railways and other corporations," it should read "To railways and others." That is, in the fifth line, "To railways and others."

HON. MR. NIXON: Well, have not private individual—

MR. COOPER: As far as we know they have, but there may be some act not known to this Committee and there may be some individual rights crop up at a later date. So far as I know the railway companies are the only ones having concessions such as that.

HON. MR. NIXON: Some of your pulp companies have holdings, have they not?

HON. MR. HEENAN: Well, not for—

HON. MR. NIXON: I am sure Abitibi had.

MR. SPENCE: The ones lying dormant are corporation.

THE CHAIRMAN: I would like to call your attention to the wording of the resolution, "the Acts conveying deeds of timber lands to railways." This deals with lands deeded or granted through Acts of legislation.

HON. MR. HEENAN: Why not make it "railway lands, patented and freehold lands" but do not put it in such a way that it will apply to mining claims, for the reason that we have trouble enough without people going out and staking mining claims for the purpose of getting export pulpwood.

THE CHAIRMAN: For myself, I do not know of any other Acts which might interfere.

Do you know of any, Mr. Cooper?

MR. COOPER: I do not.

DOCTOR WELSH: I do not know of any.

HON. MR. HEENAN: "Railway lands, patented lands and freehold lands."

MR. COOPER: I am content to leave it "railways and other corporations."

HON. MR. NIXON: If it carries and the House acts upon it there will be a Bill before the House and we can debate it up there.

THE CHAIRMAN: Are you ready for the question, gentlemen?

MR. DREW: I refuse to vote on this. There is no evidence before us.

HON. MR. NIXON: That is not a fair statement. The matter has been

discussed by this Committee. There is no question but that the fact exists that large grants of land have been given on heavily timbered tracts, and in many instances there has been no operation and they have never been touched.

Here is a chance for us to give these people who have paid hundreds and thousands of dollars of taxes to the Crown, and fire prevention dues, and other costs of that kind, an opportunity to have a little operation on their holdings and sell some of the pulpwood at a profit and give employment to labour to a very large degree.

MR. DREW: I gather that the operation in this case is a monkey gland operation.

HON. MR. HEENAN: The only good these lands have done since they left the hands of the Crown is for financial men who juggled them back and forth, selling and reselling, making money off property which belonged to the Crown and never paid into the coffers of the Treasury one cent and never gave any employment in Canada. That is the only good it has done up to the present time.

THE CHAIRMAN: Shall the motion be carried?

Carried? Anyone against?

Carried.

HON. MR. NIXON: I gather that you will present this to the House this afternoon?

THE CHAIRMAN: Yes, I will make a report to the House under your resolution.

HONOURABLE PETER HEENAN, Recalled.

MR. DREW: Q. When we discontinued the other day I was asking you if you have any information whatever of a technical nature upon which to base your decision to transfer the control over this particular area to the Pulpwood Supply Company, and I repeat that question.

Have you any technical reports or recommendations from your Department upon which you acted in recommending the granting of this territory to the Pulpwood Supply Company Limited?

A. Yes, we had. I think we showed you a report the other day.

Q. I saw a report made in 1921, sixteen years before. I suppose there is another report?

A. No.

Q. What is that?

A. No.

Q. You will notice the report you showed me made sixteen years before this agreement, does not even refer to the same area?

A. There was a report on the Long Lac Pulp Timber Limit prepared in 1921.

Q. Did you or did you not notice that the report made the other day was not in reference to the same area?

A. Would you let me answer it in my own way?

Q. Now, I am not going to waste any more time.

A. You are wasting the time of this Committee. I cannot answer any other than in my own way.

THE CHAIRMAN: You asked Mr. Heenan if he was aware of the fact that the area which was covered by this report was not the same as that granted to the Pulpwood Supply Company. I think the witness has a right to make an explanation.

MR. DREW: I should think he would answer a direct question. I have asked a perfectly clear question, namely, is the witness aware that the report made in 1921, sixteen years before this agreement was made, is a report which does not cover the same area as the area in question.

THE CHAIRMAN: You are assuming that the area is not the same. Let the witness answer that; that is, as to whether or not it is the same?

A. Well, the only intelligence that I can see that you have got before this Committee is by the answers by the witness, not by the questioner, and I want to say this to you right now.

THE CHAIRMAN: All right. Now, Mr. Heenan.

A. There is not one of these questions which can be answered, Yes or No, have you quit beating your wife yet, and I think the Committee and the public have observed from the beginning everyone of the questions which have been asked me have a history and to say Yes or No does not give an intelligent answer to this Committee.

THE CHAIRMAN: What about this case?

A. In 1921 there was a survey made—a very complete survey—and it is right here with all the names of those who perused it. It is a very intelligent report.

Now, after giving that, I can say to Colonel Drew in answer that there has not been a detailed report of that 364,000 square miles since that time but inasmuch as we reduced the area to 2,616 square miles, surely we can easily subtract the number of cords in accordance with the acres which we kept back to the Crown—and that is what we have.

We have a map, and at a round table conference we took certain townships out of that 364,000 square miles.

THE CHAIRMAN: Q. Perhaps we might shorten matters if you were to indicate on one of those maps on the wall the area covered by this report and the area actually granted to the Pulpwood Supply Company.

A. Area 17. Pardon me, area 5, the Long Lac originally disposed of, about 1920 or 1921, 3,400 square miles. When we allocated this area to the Pulpwood Supply Company, we took these townships here alongside the area (indicating).

Q. That is on the eastern end?

A. Yes. We took this area out of here (indicating), so that the balance of it comprised 2,616 square miles.

Q. That was the area granted to the Pulpwood Supply Company?

A. Yes.

THE CHAIRMAN: For the purpose of the record I think I should say the witness was pointing to Area No. 5 on Exhibit 10.

HON. MR. NIXON: Q. And that was included in the 1921 survey?

A. Yes.

MR. DREW: Q. Have you any memorandum of any kind showing how you came to choose the particular area of 2,616 square miles?

A. We came to the conclusion in the watershed—

Q. Have you any memorandum of any kind showing how you chose the 2,616 square miles?

A. We have the maps.

Q. Have you any memorandum of any kind showing how you chose the 2,616 square miles?

A. We have the maps which were brought out in the Department, which comprised the watershed, which showed there were 2,616 square miles.

Q. Have you any memorandum showing why you chose the 2,616 square miles?

A. We have the maps to indicate that there is 2,616 square miles in that watershed and the number of cords on it. These things are absolutely no damn good because there is too much information in them.

Q. They were no good to you, apparently.

MR. DREW: Well, Mr. Chairman, I do not know whether this Committee can do very much more if this witness is not prepared to answer a simple and direct question of that kind.

THE CHAIRMAN: I saw something passing in front of my face a moment ago. I think if we all cool down it would be better. I think it is time for all parties to cool down and exercise some little self-restraint.

A. Why don't you—

THE CHAIRMAN: I am trying to play the roll of the peacemaker, which I have tried to do for so long.

Let us have a little peace in this Committee and proceed with the examination.

A. Put the Colonel in the box and I will ask him what he would have done.

MR. DREW: I would think that is about as appropriate an answer as I have had since the beginning of this inquiry.

THE CHAIRMAN: Please stick to the matter before the Committee.

MR. DREW: Then I would ask that you direct him to answer the question.

THE CHAIRMAN: He has answered it three times.

MR. DREW: No, he has not.

THE CHAIRMAN: He said he had a map.

A. The Colonel wants me to take the fingerprints of everyone who comes into the office. Suspicious mind.

MR. W. G. NIXON: Q. You have certain data, reports and so on which influences you in coming to an understanding with this, that, or the other party in consigning an area of timber some place in the north or some other place in the province?

A. We have full reports of everything that we have disposed of.

MR. DREW: Q. Will you please produce them?

A. But the report does not seem to satisfy the questioner.

Q. We have no report before us.

THE CHAIRMAN: The Minister has the report which you threw across the table a moment ago and it is of a survey made in 1921. You seem to think it is a very old report. I would like to know if it is the practice of the Department or if it is possible for the Department to timber-cruise the tract every year.

MR. DREW: Q. I would suggest that it must be obvious to anyone as an

ordinary business proposition that before dealing with 2,616 square miles of territory one would expect some memorandum on file to explain why it was they dealt with that particular area?

A. The answer to that is this: That this area had already been disposed of and changed hands at least twice. It was disposed of by a former government. It was disposed of by another government. It was added to two other territories. It was disposed of by the Crown and it was regarded as uneconomical. Every single one who knows anything about it or spoke about it regarded it as inaccessible timber, but because this Government, or this Department, or this Minister has made an area economically sound and accessible, there seems to be some trouble about it.

That is the best agreement made in the Province of Ontario for the last forty years, and then we quibble because we do not have the fingerprints of somebody.

MR. DREW: I suggest that the witness should not try to make this a burlesque, although it may come natural to him.

THE WITNESS: You are the greatest actor in a burlesque show I have ever seen.

THE CHAIRMAN: Please.

THE WITNESS: I am telling you he is the greatest actor in any burlesque show I have ever seen in my life.

THE CHAIRMAN: Please; let us proceed.

THE WITNESS: He does not know a damn thing about it except what we have told him.

MR. DREW: And now he goes natural.

THE CHAIRMAN: I would ask the members of the Committee to refrain from personal remarks and stick to the business of the Committee.

THE WITNESS: Do not forget the loud laugh. It indicates an empty mind. When people cannot do anything else, they laugh.

MR. DREW: Have you got the tap turned off?

THE WITNESS: Now let us get down to business and get this damned thing cleared up. What else do you want to know, Colonel? Come on; I am going to be cool from now on.

MR. DREW: You are going to be what?

THE WITNESS: I am going to be cool from now on.

MR. DREW: What is that?

THE WITNESS: I said I am going to be cool from now on.

MR. DREW: Oh. Well, have you anything which will suggest the nature of the information you had before you at the time you recommended the approval of this contract to the Cabinet—that is, the Pulpwood Supply Company Limited contract?

A. Well, we had this to guide us. We had the fact that it had been disposed of and changed hands a couple of times; 3,400 square acres.

We had the report which was made by the cruisers in 1921. Then we had our offices take a map and turn out parts of it—townships which could be allowed along the railway. We took that back into the Crown. The area on the west side, that could be changed into another pulp concession, leaving 2,616 square miles. That is all we had before us.

We had these maps which show the age, classification and specification of the timber on the area; a very full-sized map.

MR. COOPER: Q. I think everything you have is produced before the Committee here?

A. We have what happened before; the history of it. We have the 1921 report and we have the maps which show the various types of timber on the areas.

Q. What do these maps actually show? They are not ordinary maps; they contain a wealth of information. They are prepared by the foresters?

A. They are prepared by the foresters. We have such maps on every one of those areas, of the burns, the spruce, the logs, the poplar, and all that sort of thing.

MR. DREW: Q. What limit have you placed on the Pulpwood Supply Company as to the amount they may export in any given year?

A. I did not catch that.

Q. What limit have you placed upon the amount of pulpwood that the Pulpwood Supply Company may export in any given year?

A. Not more than 100,000. That is the maximum. Export, you are speaking about?

Q. Yes.

A. Export of 100,000 cords.

Q. Where do you find that?

A. In the agreement.

Q. The agreement, as I read it, says, "A minimum of 100,000 cords.'

A. No, no; you are changing it.

MR. DRAPER: Page 101, paragraph 3.

MR. CAIN: Yes, page 101, Section 3.

A. "Provided, however, that the quantity of pulpwood to be exported as aforesaid in any calendar year shall not exceed a total of 100,000 cords unless the Minister consents to the exportation of pulpwood in excess of that amount."

MR. DREW: Q. Unless the Minister consents to the exportation?

A. Yes.

Q. What limit have you fixed as the limit which can be exported from this area?

A. 100,000 cords.

Q. Have you any computation by the Department to indicate what amount can safely be exported from this area?

A. No. I told you that we put that in. There might come a time, as has been the case the last ten years, when we might want to put more men to work in the north country and we might even ask this company to export 25,000 or 50,000 cords more, even if they do not want to. We have had times during this last Session when men have been called over here in order to ask them to buy more pulpwood than we were exporting and that is the only proviso that the Minister made and he dare not do it unless conditions warrant his so doing.

Q. Have you any recommendation from anyone in your Department as to the total cut of pulpwood which should be permitted on this area in any given year?

A. While the Deputy is looking up that information I might say in the first instance there are two agreements, you will observe. In the first instance there was no maximum to the cut; in fact it was a minimum of 100,000 cords.

The idea behind it was this: that if we were going to spend some money on a water-way we should have a cut to justify that, and they obligated themselves to cut not more than 100,000 cords. At that time, when we signed that agreement, the idea behind it was to export all of that. Later they agreed to build a mill.

As I explained at the beginning, we were down at the depths of the depression and it was a case of getting people to buy wood and putting men to work. Here was Long Lac, an inaccessible area, and I tried in every way I could to get someone to go in there instead of going on the waterfront wood and when it came down to exporting it, or taking that for export—because it had been attempted to build a mill for a good many years back—then we persuaded this company to build a mill in addition to it.

Then in 1937, as you will recall, there was a great clamour for forest products. Some investors were going down into the southern pine. The Scandinavian

countries were exporting everything they could to our home markets, and it was a case of getting men to work. So that was an area in which I thought we could utilize it all for export and the reason for making it so that they would export not less than 100,000 cords was because of the fact that I was willing at that time that the whole of the Long Lac area should be used for export, but then there came this great clamour for export pulpwood—increase of business—and I persuaded this company to build a mill in connection with it and make the minimum the maximum. That is to say, instead of exporting not less than 100,000 cords we would export not more than 100,000 cords.

MR. DREW: Q. Have you finished, Mr. Heenan?

A. Pardon?

Q. Have you finished?

A. Have I finished that explanation?

Q. Yes?

A. My foresters advise me that we can cut 150,000 cords a year off that area.

Q. Was there any recommendation before you to that effect at the time you entered into the agreement?

A. No, sir; just discussions.

Q. And you say the maximum you could cut on that would be how much?

A. 150,000 cords, allowing for that, new increment—

Q. Allowing for that new what?

A. For the increment in growth.

Q. How much was this mill going to use?

A. About 50,000 cords.

Q. So that you have nothing in writing to indicate that you had anything before you at that time to determine the maximum cut which would be permitted on that area?

A. No. As I explained before, two-thirds or more of the business of that Department is done by consultation, conference; even after the agreements are made, conferences continue.

Q. Is it not usual that provisions for export are based on an estimate of one and three. One for export and three consumed in home competition.

A. I think they are all that way.

Q. So it is only in this one that you reversed the usual order?

A. Yes. The reason for that is obvious; that we made an agreement in the first place to export all. It was an export proposition purely and simply and then when we made the second agreement, we had to give concessions in order to get a mill, so we said "We will allow you to export not more than 100,000 cords in a year." It is all a matter of bargaining. The whole thing, all the way through, is a matter of negotiation and bargaining.

Q. It looks to me to be like that. It is a case of trading horses but in most of these cases the other fellow has not delivered the horse. In this particular case they have until this Fall to build a mill, I understand.

Now, in this particular case who has been representing this company in your recent negotiations with them?

A. Mr. Sensenbrenner most of the time.

Q. Have they no legal representative?

A. Well, they have had a couple of lawyers.

Q. Who in the ordinary course of events have you been dealing with in connection with the affairs of this company?

A. The lawyers come up from time to time.

Q. Who is that?

A. Do you want me to mention their names?

Q. Why not?

A. Well, why; what good will it do?

Q. I want to know with whom you deal in connection with the affairs of this company, which is, after all as you have said, a company which is owned outside of Canada completely?

A. Well, we have Mr. Barber who represents the Spruce Falls Company here. He comes up to discuss matters once in a while. We have Mr. Dan Lang, the solicitor.

HON. MR. NIXON: Q. And Mr. Sensenbrenner?

A. He is here practically all the time, and his assistant with him, Mr. Sage.

MR. DREW: Q. Is Sage here all the time?

A. No. I say they come back and forth. In other words they usually are all together when they come up to make representations and discuss these matters. Then they have their forester with them, Mr. Lyons.

Q. I not only want this information—the Pulpwood Supply Company Limited has its head office in the City of Toronto, but according to the evidence you have given, it is a company in which all the stock is owned by five large American corporations?

A. Yes.

Q. Who is the Canadian representative with whom you deal when you want any information regarding the Pulpwood Supply Company?

A. Well, chiefly Mr. Dan. Lang.

Q. There is nothing vague about the question. If you want to find out something about the Pulpwood Supply Company, the person you go to is Mr. Dan. Lang?

A. I call him into the office or I telephone if I want some information. It is Dan. Lang to-day and probably some other lawyer to-morrow. Unfortunately they change lawyers.

Q. For the present there is no thought of changing lawyers, is there?

A. No. Of this Committee I would rather have the lawyers around me than anyone I would pick in Canada.

HON. MR. NIXON: I suggest for the purpose of the record it should be said that he refers to Mr. Dan Lang, K.C.

MR. DREW: Oh, yes.

A. All these companies have lawyers in Toronto. The Abitibi had lawyers.

MR. DREW: It looks to me as if the Government should get some lawyers too in this.

Q. Now, Mr. Heenan, it seems to me if you have anything further which you want to put on record about the Pulpwood Supply Company now is the time to do it. Have you anything there which would throw any more light on what took place before this contract was signed.

A. No; I have given it all.

Q. Then I will pass to page 115 of the Blue Book, which gives information as to the contract dated April 19th, 1937, between the Government and Huron Forest Products Limited?

A. I thought we were going to take the next two. I told my officers to collect me all they had on them.

Q. If you prefer the others, all right. The only reason I am not taking them is that they are in two different territories.

A. There are the Ontario Paper Company Limited, and the General Timber Company Limited. They are the ones for which we are prepared to-day in a way. Let me make this statement. I can deal with these as we come to them in the book, in any way you like, but I am not now prepared to produce evidence and memorandum and things of that type. On any one you wish to select, we can deal with it in a general way. For instance, if you wish to start at that one—115—we can go along on it.

Q. What is that?

A. Only I will not be prepared to give you any documents or memorandum in connection with it.

Q. As far as the Ontario Paper Company is concerned, I think perhaps I can deal with that now, except it is in a different category. If you are ready to go ahead with it, I will deal with it.

The Ontario Paper Company agreement was signed on the first of April, 1937; that is, it was signed as of that date but was executed on the 16th of April, 1937. That agreement deals particularly with the granting of certain cutting rights to a company which was already organized and had been organized, apparently, for several years?

A. Yes. The story in connection with the Ontario Paper Company is that they organized a little different from most other companies in Ontario, and even Canada.

They organized without any agreement as to their timber supply. Apparently they did that. They have been operating at Thorold, as you know, a very fine mill, a good company, but they had been taking their supplies for years up the St. Lawrence River from Quebec. Up to 140,000 cords annually up the St. Lawrence. I am a little out in my figures here. In the last ten years they have taken 105,870 cords a year from Quebec and at the same time they have been only taking from Ontario 12,549 cords, and that was cut from Crown lands and settlers lands.

During that period of the depression and in view of the fact that we wanted men put to work and harvest our mature timber at the same time, we carved out of the Pic River Limit, which is No. 4—

THE CHAIRMAN: On Map No. 16.

A. We carved the east end out of it known as the Blackwater River area, and a portion of the Abitibi on the White River (indicating) and that comprised this No. 26 on this map, and No. 17 comprised the holdings of the Ontario Paper Company, about one and a half million cords, of which they agreed to cut not less than 40,000 cords a year. They are cutting over 90,000 cords this year.

MR. DREW: Q. What is the area?

A. 700 square miles. I thought it was 800, but it is 700 square miles.

This company, Colonel, I am glad to say, has lived up to its obligations 100 per cent. It has built a little village there in connection with its barking drum and equipment. It is generating power on one of the rivers. Up to the present time its total expenditures have been $2,586,403.00.

HON. MR. NIXON: Q. Have you any idea as to the men employed?

A. They paid for labour $1,322,221.00; for material, machinery and equipment, $1,258,182.00.

MR. DREW: Q. What is the maximum cut which you believe should be authorized on that area?

A. Well, we have a minimum of 40,000 cords. Now, that is not the maximum.

Q. Have you some recommendation from the Department as to the maximum safe-cut on that area?

A. I am not sure whether I have. 40,000 cords would last them 40 odd years.

Q. What is that?

A. 40,000 cords would last them 40 odd years with the new growth.

Q. You mean if they cut 40,000 cords a year that you would reach a point of exhaustion in 40 years?

A. Yes, and a renewal of 21. Of course we undertake, as we do in all agreements, that the Crown does not guarantee any quantity of timber or pulpwood on any one of these areas. On the other hand we undertake if there is a deficiency that the Crown will if possible add to their supply; that is, if it is possible to do so.

Q. After all, I am looking at this now from the point of view of the necessity, I should think, of this Committee making some recommendation in regard to a method of protecting the forest resources. Having that in mind we must take into consideration whether or not we should follow methods which are in force elsewhere while preserving our forest stand and not permit cutting which will exhaust that resource. It is with that background that I am asking the question, have you any report from the officials of your Department which would indicate the maximum cut which should be permitted on this area?

A. 40,000 cords.

Q. And yet you say that they will be cutting over 90,000 cords this year?

A. Well, that is only one year.

Q. Taking that as an example, how do you arrive at that figure? Are they permitted to cut without regard to any limitation, or how do you decide on what amount they can cut?

A. Well, I do not believe I gave you the answer so that you would be able to frame your other questions. The last two years they cut there less than 40,000 cords. It is like any other business; it will be more one year than the other. You cannot say that if a company is allowed to cut 40,000 a year on the sustained yield basis, as they call it, they might only cut 20,000 cords one year.

This is the best illustration I can give: We have been talking here of prior occasions with respect to export, that we can cut for export 740,000 or 750,000 and allow for the new growth. When you say 750,000 you might find that next year we export twice that amount. There you argue, You are exporting more than the allowable cut, but yet when you figure that the area is 100 years old and add 750,000 one hundred times, you can see how much pulpwood we can export and still be within our sustained yield, so with the Ontario companies they are cutting 90,000 cords this year. They cut less than that the last two years, but an average of 40,000 cords a year will keep that on a sustained yield for 40 years at least.

Q. Should not the objective be to preserve the yield entirely?

A. I should have said "in perpetuity."

Q. Have you any memorandum or exchange of correspondence with the Ontario Paper Company Limited which indicates to them the maximum average cut they will be permitted to cut in that area?

A. Well, the agreement itself calls for 40,000 cords.

Q. They are being permitted to cut beyond that this year?

A. They asked permission and we said we would be glad to see it.

Q. Have you the correspondence on which that permission was based?

A. Oh no; telephone calls and so on. There was a telephone call that they would like to cut 90,000 cords this year.

Q. Do you mean to say there is nothing by letter or otherwise which might vary the terms of this agreement and instead of a limit of 40,000 they could cut 90,000 cords?

A. I do not know of any.

HON. MR. NIXON: Q. How much did they cut per year for the last three years?

MR. CAIN: 16,000 the first year; 29,000 the second year; and 90,000 this year.

MR. DREW: The agreement calls for a maximum cut of 40,000 cords. That is the agreement as it stands subject to variation by the Minister. This year instead of a limit of 40,000, 90,000 is to be permitted.

I have asked the question whether or not there is any record to indicate that permission and the Minister said "No." If that is the answer, that is as far as we can go.

THE CHAIRMAN: I think he said the agreement provided for a maximum.

MR. DREW: That is what he said, but I see now that is not so.

I see on reading the agreement it would look as if it were so. I am simply taking the answer of the Minister.

THE CHAIRMAN: I understood the Minister to say that an annual cut of 40,000 cords would ensure forest perpetuity. He said first of all "in 40 years" and then "in perpetuity."

MR. COOPER: Q. Do not the companies file at the first of the year what their requirement will be for the following year?

A. Yes.

Q. They make an application in writing and it is approved by the Department?

A. Yes.

Q. That is provided for in paragraph 8 of the agreement?

A. Mr. Clarkson drew it.

Q. In other words, by paragraph 8 of this particular agreement, on or before the first day of September in each year the company shall apply to and obtain permission in writing from the Department of Lands and Forests, and so on. Has that been done this particular year?

A. We will have to look up the file in connection with it. In a general way this is what is done.

For instance, the Abitibi man will call or come and see the Deputy if I am not present and say "I would like to cut" or "We are going to apply to cut so many cords this year. We only cut so many cords last year and we are going to cut so many cords this year." It always sounds good to me when I hear them say they are going to cut more this year than last year, for two reasons. First, we will employ more men; and secondly, because we will get more revenue.

MR. DREW: Q. I think Mr. Cooper's question was clear, it was referring back to paragraph 8 of the agreement with this company on or before September 1st, 1939, in regard to making its application to cut, indicate the area in which it was to cut?

A. If I say, Yes, you will ask me for the file.

Q. If you say there is information which can be obtained in the file, let

us have that information. But the "application" there is a perfectly clear application, an application for permission in writing to cut in certain areas. I would suggest that between to-day and to-morrow a check be made to find out what was done in this case.

A. Very well.

Q. And, incidentally, I would point out that, so far as I can see, the requirement of the agreement is not a maximum of 40,000 cords, but a minimum of 40,000. Is not that so?

A. I have not read it recently. What page are you reading from, Colonel?

Q. Page 105, paragraph 5.

A. Yes, that is right.

Q. Then I simply get back to this point, and if there is nothing on file to that effect, that is all there is to it; but I ask, having regard to the fact that you have stated that the maximum cut which can be permitted if this stand is to remain in perpetuity—

A. I know how that came about. In other words, we are asking them to make an agreement to cut the pulpwood in Ontario, and we set that area aside for them, not to hold it in perpetuity or for twenty-one years; but we are asking them to cut the maximum number of cords; but we are not going to keep areas set aside for anyone who wants just to gamble with it. We treat them the same as we would any other company. If we set that area aside for you, you will cut 40,000 cords.

Q. Is there on the files of the Ontario Paper Company anything to indicate the maximum which they were allowed to cut?

A. I cannot say. I would have to look up the file. I will have it for you to-morrow.

MR. DREW: I suggest that the agreement is there, and in regard to any subsequent agreements, it is merely that he should be prepared to answer questions in regard to such agreements.

THE CHAIRMAN: To-morrow, Colonel, you will go on with the Ontario Company?

MR. DREW: Yes.

THE CHAIRMAN: And will you take that up and the other to-morrow?

MR. DREW: Yes, Mr. Chairman.

MR. E. E. JOHNSON: Did you say that you would hear us on Thursday or on Friday?

THE CHAIRMAN: Thursday. I have instructed the Secretary of the Committee to wire the City Council, the Mayor or the Clerk advising them. I may say that the request was received from the City Council.

MR. JOHNSON: It would be difficult to have them here from the City of Fort William for Thursday. They would have to start away from there to-night.

MR. SPENCE: Mr. Johnson, you will be here on Thursday, and you will take up most of the morning.

MR. JOHNSON: Mr. Cox comes on first on Thursday, does he not?

THE CHAIRMAN: Yes.

The Committee stands adjourned until to-morrow morning at 10.30.

(At 1.00 p.m., Tuesday, February 20th, 1940, the Committee adjourned until Wednesday, February 21st, 1940, at 10.30 a.m.)

SEVENTEENTH SITTING

Parliament Buildings,
Toronto, Wednesday, February 21st, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Heenan, Nixon (Brant) and Spence.

THE CHAIRMAN: The Committee will please come to order.

HON. MR. NIXON: May I apologize for my absence. I think this is the first time I have been late since this Committee organized. The Committee on Game and Fisheries was called this morning at 10.30 and I thought it necessary in the organizing and starting of that Committee to be there, and it caused my being half an hour late here. I trust I will be forgiven.

THE CHAIRMAN: We will forgive you.

MR. DREW: Before we proceed with the questioning of the Honourable Mr. Heenan I want to mention to this Committee a Canadian Press Despatch which, strangely enough, I only saw in yesterday's New York Herald & Tribune.

The reason I raise it before this Committee is that it emphasizes the need for some early consideration of a council to further the general interests of the industry and it may suggest reasons why we should act with some speed in that matter.

This is a Canadian Press Despatch reported in the New York Herald & Tribune of Tuesday. It is a Canadian Press Despatch from Montreal, and it reads as follows:

"Doctor A. E. D. Saher, of Amsterdam, Dutch Business Executive visiting here, disclosed to-day that he was seeking to buy quantities of Canadian paper for Dutch industries cut off from their regular sources by the war.

"The paper he seeks—coarse types—is more readily obtainable in the United States, Doctor Saher said, but he wished to buy in Canada in order to 'further the trade relations between Holland and the British Empire.'

"Doctor Saher, commissioned by Dutch manufacturers, added that he had found a scarcity of such paper in Eastern Canada. He will depart soon for British Columbia to discuss deals with paper producers there."

The reason I mention it here is that it illustrates the very matter which I was pointing out; the necessity for some sort of a research council which will explore the ways and means of developing the opportunities for using our forest resources at a time when generally world trade is being reorganized and disorganized by the war.

Of course, I am not suggesting that this clipping may be absolutely correct in its analysis of the situation, but it suggests, for instance, that a type of paper which Canada could sell to foreign markets is not available in Ontario at the present moment and that he must go to British Columbia to get it.

I raise that because it suggests to me that we should not wait. The Minister has already said that he agrees with the idea of such a research council. I am certainly strongly in favour of such an idea and it seems to me that the possibilities of setting up such a council, which combine the economic and scientific aspect, might well be considered by this Committee right away.

I merely place it before the Committee for any comment the Committee would care to make.

MR. CAIN: What type of paper?

MR. DREW: I know nothing about it.

HON. MR. NIXON: Coarse papers.

THE CHAIRMAN: Coarse types.

MR. DREW: You see, just to amplify the remarks which I have made, there are a great number of nations which are heavy consumers of paper which have looked in the past to the Scandinavian and Baltic countries and through circumstances over which we have no control, and through circumstances which unfortunately neither the Scandinavian countries nor the Baltic countries can exercise control, they now cannot supply those markets and there is a great opportunity for the development of business here. It might be said, "Well, after all, that is a matter for the existing industries to take up," but I do suggest in view of the somewhat disorganized state of the industry and the necessity for some attempt to speed it up, and to meet the situation which exists, it may be very advisable to consider the wisdom of taking some immediate steps to try

to bring about the creation of this research council, which, so far as I can understand, is fairly well agreed upon by the members of this Committee.

HON. MR. HEENAN: I agree now, as I did before, that a research council might be able to do a great deal of good. I think I remember saying that what I thought the industries of this province needed was salesmanship.

There are two aspects in regard to that clipping, Colonel. One of them is, can or does Canada supply the kind of kraft that would make up in that rough species. I think it can be found in Canada and I think it is being manufactured in Canada but unless we have some more specific information we cannot tell. Here is a man over here from a European country, he is apparently interpreting it and he lands in New York and says he cannot find it in Eastern Canada, so he has to go to British Columbia. I say that requires salesmanship.

I do not know what good the research council would do towards that. If we were to take up every clipping which we see with respect to forest products and people landing in Montreal, Toronto, New York or Chicago, we would be chasing rainbows. I am satisfied that gentleman can find what he wants in Eastern Canada if he wants to purchase it here and I know Ontario can supply him the raw material with which to manufacture it if he wants to create a manufacture—but as I said before the research council might do a lot of good. They would probably have to chase after this chap to see his specifications.

MR. DREW: I was not raising this in any way as any criticism; I only read it this morning in yesterday's New York Herald & Tribune, but the thing which struck me about it was that it indicates there is some opportunity to find new markets upon the basis of types which will be suitable to those countries. What interested me was that in the same edition of the New York paper in which I saw this set out, I was also reading an explanation of Senator Vanderburg's introduction of a bill to create a foreign export board. It seems to me that that is entirely connected. His idea is that having regard to the changed world conditions it is extremely necessary that governments seek to assist industry in coordinating their activities for the purpose of meeting the new markets which are created. I am not arguing for or against his idea, but he is merely recognizing that there is a very strong thought in that direction.

HON. MR. HEENAN: It is one of these economic questions which we run up against every day, Colonel. Supposing this gentleman has contracts which he cannot meet with Scandinavian countries to supply a certain specific type of kraft or paper, when we have not got it now. The question is can we get anybody to invest, to build a mill to supply that particular specification for probably a short period during the war. There is the story. If they had probably a twenty-year contract or something of that character, we might set up some kind of a mill or add to one of our own mills.

We have—not every day, but very frequently—calls come in to even the Minister of Lands and Forests here—and I do not know what they get in Quebec—from jobbers, salesmen and commission men to the effect, "I can get you a market for ten thousand tons from Mexico. Will you take it?" "Sure we will take it; send it over here." And we will scurry around and find that that contract has been let to one of the mills in Canada a month before that. You will find

three or four, or a half dozen commission men, offering you newsprint prices to supply Mexico or some of the Southern States where they have been getting their paper from Scandinavian countries, but at a reduced price, and their commission on top of that. I am getting away from it, but the mills in the United States now, that is, the newsprint mills, are full. The only place they can buy it on the North American Continent is in Canada. But this is a different thing altogether. This is some kind of rough pulp to make some kind of rough boards. That is, to make rough boards out of it. I think the question is we can supply it, but that requires salesmanship.

HON. MR. NIXON: Is that sort of kraft paper being manufactured in Ontario to any extent?

HON. MR. HEENAN: I do not know. I am sure they can get it in Ontario and I am sure there are some mills in Ontario which would enlarge their plant or build a new plant if they were assured that the trade was large enough and long enough to justify the expenditure of the money.

MR. DREW: I am not doing any more at the moment than merely raise this suggestion that in conferences such as may take place outside of the activities of this Committee, particular attention should be paid to the necessity for what you have prescribed as salesmanship, which involves not only the desire to sell but also the ability to supply the article, and it seems to me that this press clipping indicates the urgent need of trying to find some solution of that, if there is a solution, at an early date. I am not dealing with the particular type of paper.

HON. MR. HEENAN: I do not mind saying to you that I have advocated that our firms, both here and in Quebec, ought to have some kind of central sales agency to go out and promote sales rather than wait for the orders to come in, and I think they are doing something along those lines.

HON. PETER HEENAN, Recalled.

MR. DREW: Q. Yesterday at the time of adjournment we were dealing with that part of the agreement with the Ontario Paper Company which called for an application to be made by the first of September each year in regard to cutting which was to be done, and you said that you would have a search made of the files for such information available in that regard. Have you that material now?

A. Yes. I find on the files that the Company did make the application to the district office at Sault Ste. Marie and filed the plans of the place to cut and I have ordered that it be sent down here from Sault Ste. Marie. I will have copies made and it can be filed as an exhibit if you wish.

THE CHAIRMAN: Do you want that filed?

MR. DREW: I think so; because it indicates the method.

THE CHAIRMAN: What is the number of the next exhibit?

MR. HOOD: Exhibit 21.

THE CHAIRMAN: Then it will be filed as Exhibit 21.

THE WITNESS: They just notify us that the application has been made and the plan filed. That is all we have.

THE CHAIRMAN: Q. What you are going to file is an application.

A. The copy of the application to cut, the quantity and quality of pulpwood and the plan of where they are to cut.

THE CHAIRMAN: Exhibit 21, which is yet to be filed, will be the copy of application made by the Ontario Paper Company for its cut for 1939-40 together with plans which accompany the application.

MR. DREW: Application for the cutting.

MR. CAIN. 1939-40, but it starts at the first of April each year. That is the season of 1939-40, but it starts at the first of April each year.

MR. DREW: And the application would be made by September 1st for the season 1940-41?

MR. CAIN: Yes. While we made it the first of July, I think the agreement calls for before September.

MR. DREW: That would be for this year; not for last year; the coming year.

MR. CAIN: You want for the both seasons. I think the agreement provides that they must undertake before the first of September of their cutting season to make application and submit their plan of operation indicating where they want to cut. The first of July, 1939—or in July some time in 1939—that application was made and the plan lodged with the district officer who is in charge of the operations.

MR. DREW: When you speak of 1939-40, that is what I mean. The application calls for permission to cut during the winter of 1939 and 1940, and the subsequent season.

MR. CAIN: That is right. We require them to do that every year. Next year they have to do likewise.

MR. DREW: That is what the agreement calls for?

MR. CAIN: Yes.

THE CHAIRMAN: Exhibit No. 21 is to be filed.

MR. COOPER: Where is the Exhibit?

THE CHAIRMAN: It is to be filed.

HON. MR. NIXON: It is at Sault Ste. Marie?

THE WITNESS: Yes.

MR. CAIN: Yes, at the district office.

MR. DREW: I will not ask any more questions in regard to the Ontario Paper Company because I might explain that is not one of the contracts with which I am particularly concerned, because it is merely a rearrangement in regard to an existing contract. If there are any further questions, now is the time to ask them.

THE CHAIRMAN: Are there any further questions on that contract, gentlemen?

MR. DREW: The next agreement is the agreement referred to on page 115 of the Blue Book, between the government and Huron Forest Products Limited.

THE CHAIRMAN: Before we proceed with this question can Honourable Mr. Heenan or Mr. Cain show us on one of those maps the approximate location of these limits?

MR. CAIN: We cannot on those maps. That is the Thunder Bay area. We did not bring a map showing that.

THE CHAIRMAN: That is right.

MR. CAIN: It is in the Algoma District; another section of the province altogether.

THE CHAIRMAN: We have these small maps. (Indicating maps of Blue Book.) Can you give us an approximate idea from them?

MR. CAIN: I believe so (indicating).

MR. DREW: Before we pass from the Ontario Paper Company agreement there is one question I want to dispose of which I was dealing with yesterday. Has any estimate been found, or have you any record of a computation of the maximum cut which can be allowed safely on the areas now granted to the Ontario Paper Company?

MR. CAIN: I think that was put in yesterday. I think you found it was 40,000 cords.

MR. DREW: It was estimated.

MR. CAIN: 40,000 cords.

MR. DREW: I am asking if there is any memorandum on file.

MR. CAIN: We have our figures. I know the charges worked it out at that time at 40,000 cords.

MR. DREW: Is there any communication to the Ontario Paper Company fixing a limit indicating to them how much they could safely or properly cut?

MR. CAIN: Well, I would have to look up the various letters which we have which passed between the Ontario Paper Company and ourselves in respect of that. I know the different cordages were mentioned from time to time by the Company in their original application.

HON. MR. NIXON: That is, the figures which were carried into the agreement.

MR. CAIN: To a very large extent, yes. The figures carried into the agreement were as a result of the negotiations.

MR. DREW: I do not think there is any more important basis of our consideration here than the method by which the Department arrives at the extent of the cutting to be permitted on any given area. There is either one of two theories in connection with the control of our forest resources. Either those areas are to be looked upon as something which those who have the right to cut may cut bare, or it is to be looked upon as a continuing crop in perpetuity and if the latter viewpoint is to obtain then it is perfectly clear that there must be some well-established basis upon which cutting is to be done and if there is to be a well-established basis, then even in the case of the most reputable and best-established company there must be some clear arrangement between the Department and that company, as a matter of record, as to the manner in which the cutting is to be carried out so as to ensure perpetuity of crop.

I have explained in advance my viewpoint as to what we should have, and having that in mind I am asking the question what was the arrangement between the Ontario Paper Company and the government in regard to cutting that, 2,260 square miles which were granted to them by this agreement we are now referring to.

HON. MR. NIXON: Well, is there not an arbitrary figure which you take? You take a certain percentage of the total cords which you survey and cruise and you say you cut a certain percentage of that annually and cut it in perpetuity.

MR. CAIN: We first of all gather information resulting from intensive cruises of the areas. The cruises are made by technical foresters in collaboration with air photography and ground parties. The estimates made upon the surveys and the information contained are considered basic data upon which we proceed to analyze each and every application if, as and when it is received, and, first of all, after that information is gathered, the company coming to us will say, "We are interested in establishing industry." And we say, "To what extent would you care about going in? Here is an area in this watershed, and here is another area in a different watershed, and we would like to get some idea from you to the extent to which you propose to establish an industry." They say, "We are anxious to established or start on a basis of probably a fifty-ton mill." Having that in mind, we say, "Well, for a fifty-ton mill you will require so many cords per annum on the assumption that you will carry out your obligations to the maximum, which would involve the conducting of the industry for a full three hundred days a year." We figure on that. And that would mean that you require a certain cordage annually in the hope and expectation that that annual cordage taken

from a given area will provide for the carrying on of that industry more or less continuously or in perpetuity and based upon that general proposition we take our figures and estimate. We take our figures from the estimates which have been submitted by the officers who have made this report and we proceed to designate such areas as will provide sufficient timber to look after that mill, first of all for the period called for by the agreement and we try to make such an arrangement so that it will be carried on based upon the permissible annual cut in perpetuity.

Now, I do not think that any country in the world to-day—Sweden is more advanced than any other—has gone to the same extent in making an inventory of resources, like the Province of Ontario.

The report we had here yesterday in connection with the Long Lac was made up some years ago. It cost us $40,000, because it was a very intensive cruise, and the report indicates the types of timber, the quantities of timber, the ages and the various classifications, and that is naturally the basis upon which we undertake to proceed to allot these areas to the various companies and to try to conclude a reasonable understanding with regard to the quantity they can cut each year. We do our utmost to make a balanced operation.

HON. MR. NIXON: And what was the estimated number of cords on the Ontario Paper Company Limited area?

MR. CAIN: I have forgotten; I think a million and a half.

HON. MR. NIXON: And from that million and a half you figure they can cut in perpetuity 40,000 a year?

MR. CAIN: Yes.

MR. DREW: While I am not disagreeing at all with the theory, I would point out that the report of 1921 to which you refer in such glowing terms—and which undoubtedly is an extremely valuable report—was not a report which was directly related to the Long Lac proposition at all.

MR. CAIN: Pardon me?

MR. DREW: It was not a report which was related to the Long Lac proposition at all in so far as the present problem is concerned. It dealt with a survey of 3,400 square miles, not with the much smaller area which was granted to the Pulpwood Supply Company. I do not think it could have been more unbusinesslike and I am very definite and emphatic on that point. But, when we come to the question of the Ontario Paper Company you have outlined what seems to me to be exactly the idea which should prevail. You say, "We take our figures and then proceed to designate such areas as will provide for the requirements of this particular enterprise, and we try to make arrangements such as will assure perpetuity."

Having regard to all you have explained about what you want to do, then I would like to see the material which you got together in the case of the Ontario Paper Company merely as an example of the way it works out.

MR. CAIN: Well, we will have to go and get the reports of the estimates we have made.

MR. DREW: If we are going to make any recommendation as to the manner in which propositions of this kind should be dealt with, then it is obvious that we must know first of all how such applications have been dealt with in the past and it seems to me that when we are dealing with a reputable, well-established, successful company like the Ontario Paper Company, that it is all the more reason why we should take a case of that kind as a fair example, than the much more unsatisfactory situation which exists elsewhere.

The Deputy Minister has outlined a general proposition which seems to be perfectly reasonable. He says, "We find out by cruising what the resources are on a given area and having regard to the demands of the particular enterprise, we decide how much they will need and how much they can safely cut in order to assure perpetuity of the timber stand in that given area. And, on the basis of these records and these discussions, we try to make an arrangement which will assure perpetuity, having regard to the nature of it."

Having outlined that, I suggest it is very important for us to know just exactly what was done in this particular case. It is not by way of criticism of what was done, but it is a question of understanding what was done.

THE CHAIRMAN: I do not know what could be added to what he has said.

I understand you have timber-cruised most of these forest areas in the North?

MR. CAIN: Yes, sir, most of them.

THE CHAIRMAN: And you have the reports on your files?

MR. CAIN: Absolutely.

THE CHAIRMAN: And they are available upon immediate notice, or upon a moment's notice?

MR. CAIN: Yes.

THE CHAIRMAN: So if anyone asks you for any particular area you can within a few minutes find out from your files the cordage contained in that particular area, and in those particular areas?

MR. CAIN: That is correct.

MR. COOPER: It goes further. You only make one cruise of any particular area but you keep your records up to date annually—in case of fire, for instance—

A. Absolutely; certainly.

Q. So that at any time you can look at your records and know the situation. A cruise made twenty-five years ago is as good as a cruise made yesterday?

A. Well, of course we know of any fires which have taken place in the meantime, or any blights which have occurred.

MR. COOPER: Let us have a look at the map.

MR. CAIN: What map are you referring to? You mean the Ontario Paper Company?

MR. COOPER: Yes.

MR. CAIN: Colonel, permit me: Coming back to your statement in regard to Long Lac, I want to express my opinion. It is diametrically opposed to that which you have expressed, and you have expressed that it was quite unbusiness-like move on our part.

MR. DREW: I say that what you have produced here, no matter what you may be capable of producing, demonstrates a completely unbusiness-like method as it would be possible to imagine.

THE CHAIRMAN: Excuse me, Colonel, but I do not follow you at all. What do you call "unbusiness-like"? Mr. Cain says and Mr. Heenan said yesterday that this was a report made in 1921.

MR. CAIN: Of 3,400 square miles.

THE CHAIRMAN: Comprising what is known as the Long Lac area.

MR. CAIN: That is right.

MR. DREW: Which is not the area which the Pulpwood Supply Company used?

MR. CAIN: No.

HON. MR. NIXON: Every inch given to the Pulpwood Supply Company was included in that?

MR. CAIN: The whole was greater than the part. If the Government will turn to us and say they want a new industry established, or undertake to dispose of additional timber, that is another question—

MR. DREW: There is no suggestion of that at all. I am not suggesting that the cruise and the report of 1921 was not accurate in 1921, nor am I suggesting that it does not give a reasonably accurate picture of the 3,400 square miles. We are not dealing with the question of the accuracy of a survey of 3,400 square miles, but what we have got up to the present time of the picture in regard to the Pulpwood Supply Company is this that Mr. Rogers (?) had certain obligations, so he had a chat with Mr. Heenan and out of that chat grew the idea that they would start some other activity in another area, and he disappeared and Mr. Sensenbrenner appeared. And Mr. Sensenbrenner decided that he would start an export enterprise in the Long Lac area and instead of the 3,400 square miles which was covered by the report of 1921, an area of some 2,600 square

miles was allocated to the Pulpwood Supply Company. The agreements are made in regard to first of all the discussion of the sluiceway and then a full-sized canal in the neighbourhood of a million and a half dollars, and this was done with the greatest informality, with no record of any exchange of letters or memorandum between Sensenbrenner and the Department as to the basis upon which these arrangements were to be conducted, and as to the necessity of this particular area as distinguished from the 3,400 square mile area, or even a similar area. They simply said, We had the report of 1921 and we had the information we needed, and we know this was what was needed, and so it was quite easy to say to Mr. Sensenbrenner, That is the right area and we will give it to the Pulpwood Supply Company. That is the picture I have at the moment. No matter how anxious the Department may have been to make a good contract—or Mr. Sensenbrenner—we have no information at the moment before us which indicates the basis upon which Mr. Sensenbrenner and the Department arrived at this particular opinion, to which we are all entitled whether good or bad.

THE WITNESS: If the Colonel has not the information before him now it is because he has either not been paying attention to the evidence given or he has not been reading the Minutes. It is not as he outlined it. He may understand it that way, but it is a different position entirely.

I gave evidence here, and I am prepared to give it again, that the Long Lac area, 3,400 square miles, was disposed of under another government. They apparently knew what they were doing, or thought they knew what they were doing, because they had a cruise and a report made—and I am sorry to have to correct my Deputy—which cost not $40,000, but $75,000. It was thrown around here like a bag of peanuts yesterday morning.

MR. DREW: That was a carbon copy of a nineteen-year-old report.

THE WITNESS: That area was disposed of years ago by another government. They thought they had sufficient evidence as to what was on it, and then later another government added that area to two more areas—the Black Sturgeon and the Pic River—to create a one-hundred ton mill at Fort William. Three large areas to create one one-hundred ton mill at Fort William.

Everyone who knows anything about the North country states that that Long Lac area was valueless because it was inaccessible. Not a single solitary dollar had been spent to create work or to harvest this timber. Jobbers were trying to get in on the more accessible areas for export pulpwood and not one would think of going in on the Long Lac area. One jobber, who will probably be before you before long, suggested, "Give it away if you can get anybody to take it for nothing, and put men to work and harvest that timber" and we found customers who were willing to buy export pulpwood.

We conceived the idea that we could make a sluice way across there costing in the neighbourhood of $250,000. We made an agreement with them that they would cut so many thousand cords a year, harvest the timber and give employment to Canadian workmen, pay the Crown revenue, and the company was to pay under a scheme for the construction of that sluiceway while harvesting that timber and in addition to it now we have an agreement to build a mill of at least one hundred tons.

If that is not a good proposition to salvage timber which everybody thought was worthless, I do not know what kind of agreement you could make to satisfy some people.

Now, with respect to the building of a canal, that is aside altogether from this agreement. The Hydro, in its wisdom, decided that they had better build a permanent canal because of the International situation and so on. They built that canal at a figure of—taking the Colonel's words for it—one million two hundred and fifty thousand dollars. I think he is correct. They get out of that 2,000 horsepower at the mouth of that canal. Figure that at $15 or $20 per horsepower, whatever you like, and see what you get from that. Then, when the St. Lawrence Treaty is signed we will get the use of that water again at various points, building up, as I recollect, and we had the figures here when we were on that before—somewhere in the neighbourhood of about 70,000 horsepower at different points. Figure that amount of horsepower in Ontario at $15 or $18 per horsepower and see the value of that. Notwithstanding what the Colonel has said about it, or what anybody else may say about it, in my opinion it is the best agreement or arrangement made for forty years for the Province of Ontario.

MR. COOPER: How many men were employed?

MR. CAIN: What is that?

THE WITNESS: Well, that is something I did not think about.

HON. MR. NIXON: The Hydro would have those figures.

THE WITNESS: I should have enlarged that to this extent, that at that time we had thousands of men walking the streets of Fort William and Port Arthur and all along that north country and if we had built the canal for the sake of giving employment alone, it would have been worth while rather than direct relief.

I recall Mr. Bennett's Government going up into that north country, the Patricia District, for the purpose of cutting wood or timber along the shores of the islands in the Patricia District to create a waterway on Lac Suel, and he had thousands of men in there working. Of course the wages were not big, or anything like that, but when they finished cutting there—and it was all for the purpose of creating employment—the pulpwood which was cut we got and it cost in cutting about $6 a cord. No one suggested that that was money thrown into the drink. It was for the purpose of giving men work at that particular time, so that if we built the canal for no other purpose than to give employment, it was worth while.

Then, just to have somebody say because they do not like, or they are jealous or envious of it that it is done in an unbusiness-like manner is not encouraging to any Minister or any Government to try and do the right thing.

MR. SPENCE: He has not said how many men were employed there yet.

MR. DREW: He has not said how they made it.

HON. MR. NIXON: That work was carried on by the Hydro. I distinctly remember the employing of large numbers of men at one time. The International position became so important that we had to stop work and consternation reigned in Port Arthur and Fort William because we had to stop work.

MR. COOPER: I would like to see the figures as to the number of men employed. I think that should be on the record.

THE WITNESS: I can give you the number of men we put to work as compared with the last ten years by the contracts and the pulpwood export, and I can give you the figures of the Province of the men employed for the last two years.

THE CHAIRMAN: Do you want to get the number of men employed by the Hydro in the building of that canal?

MR. COOPER: No, but by these companies having come into existence, because after all this is a record which is going to be handed down to others, probably, after we are finished with it.

MR. CAIN: So we will understand it and get the data you want, you wish to know the number of men constantly engaged in connection with what agreement since the agreements were undertaken?

MR. COOPER: We have discussed four agreements to-day; the Pulpwood Supply, the General Timber, the last one we have just discussed, the Ontario Paper, and the—

MR. CAIN: We discussed the Lake Sulphite. I do not know whether or not you want the Lake Sulphite.

MR. COOPER: Well, you have the Lake Sulphite?

MR. CAIN: Yes.

MR. COOPER: That is four.

MR. CAIN: You want the General Timber, the Ontario Paper, the Pulpwood Supply and the Lake Sulphite?

MR. COOPER: Yes.

THE CHAIRMAN: Perhaps you should proceed with your examination, Colonel?

MR. DREW: Yes.

Q. Now, I was referring to the contract with Huron Forest Products Limited. With whom was that contract negotiated?

A. What page was that?

MR. CAIN: On what page was that agreement?

MR. DREW: April 19th, 1937.

MR. CAIN: What page?

MR. DREW: Page 115.

THE WITNESS: If I recall it correctly, it was signed by John G. Sutherland, representing Mr. George Meade, and Mr. Bay of New York.

MR. DREW: Whom?

THE CHAIRMAN: What was the second name you mentioned?

MR. CAIN: Mr. Bay.

MR. DREW: Where is he from?

MR. CAIN: He represents the A. M. Kidder Company of New York City and John G. Sutherland on behalf of George H. Meade of Dayton, Ohio.

MR. DREW: Q. On behalf of George H. Meade of Dayton, Ohio?

A. Yes.

MR. CAIN: Yes. We have not these indexed.

MR. DREW: Q. Who owns the Huron Forest Products Limited?

A. Well, Mr. Meade either owns or controls about fifteen mills in the United States. He was President of the Spanish River Paper Company when they built the first mill at Sault Ste. Marie and then later built the mill at Fort William—the Spanish River mill at Fort William. He is regarded as one of the greatest authorities on pulp and paper of all kinds and kraft.

Q. You could not have heard my question. My question was who owns the Huron Forest Products Limited. Who are the shareholders?

A. There are just three that we know of: Mr. Meade, Mr. Bay and Mr. Eddie Johnson of Fort William and Port Arthur.

Q. Under this agreement I find certain provisions to which I think you should answer now. How much pulpwood has been exported from the areas of that company?

A. None.

Q. Pardon?

A. None. What page is it in the Blue Book?

THE CHAIRMAN: Page 115.

MR. DREW: Has anything been exported?

A. No.

Q. No timber of any kind?

MR. CAIN: No; none cut and none exported.

MR. DREW: Q. I see this agreement provides that there should be a mill completed on or before November 1st, 1939 at a minimum cost of $2,500,000. Has that mill been completed?

A. No, it has not been.

MR. SPENCE: What clause?

MR. DREW: Clause 1, page 116.

Q. Has any work been commenced on that?

A. No.

Q. Have the plans for the mill been submitted to you for approval?

A. No.

Q. Has any demand been made on the company for plans for the mill which they agree to put up?

A. The files show that on July 28th, 1939, my Deputy, Mr. Cain, wrote them:

> "Under instructions from the Minister I desire to inform you that your company that made agreement with the Crown bearing date the 19th April, 1937, are in arrears under that agreement to the extent of $18,858.99, which is made up of two years' fire tax at the rate of $6.40 a square mile with interest thereon to date as shown on the enclosed statement. Unless your company puts itself in good standing by the end of August of this year by paying this money, formal steps will then be taken to cancel the existing arrangement and forfeit the cash deposit made at the time of the agreement, amounting to $50,000.
>
> "As you well know, you are in default under your construction programme obligations, there is a provision in the agreement whereby the Minister shall be entitled to waive rights of forfeiture arising under the agreement by reason of your failure to meet your building obligations, but such a waiver would be only applicable providing your company are in other respects in good standing, and consequently the request for the payment of the moneys due as herein set out must be met."

Since that they paid their arrears.

Q. They paid their arrears?

A. They paid part of their arrears. I think they are in default now.

Q. What was the last communication received from the company in regard to it?

A. I think they just come in and paid their cheque. The only thing is that they asked for additional time to pay their arrears and they have come in since and paid them.

THE CHAIRMAN: What did you say?

Will the Reporter read his answer?

THE REPORTER (reading):

"A. I think they just came in and paid their cheque. The only thing is that they asked for additional time to pay their arrears and they have come in since and paid them."

THE CHAIRMAN: Thank you.

MR. CAIN: They owe this year now.

MR. DREW: The $50,000 was paid on deposit as required?

MR. DREW: The $50,000 was paid on deposit as required?

MR. CAIN: Yes, and in addition to that they paid $18,900. They owe part of this year's.

MR. DREW: They owe part of this year's?

MR. CAIN: Yes.

MR. DREW: What work has been done on that area?

THE CHAIRMAN: Are those charges paid for the calendar or for the fiscal year?

MR. CAIN: The fiscal year.

MR. DREW: Q. What work has been done on that area?

A. Well, they have not done anything in the way of construction. They have spent some money on flying and making their own survey and estimates, and engaged engineers to do that for them for a time. They have not indicated yet when they are going to build, except every time Mr. Meade comes to see me, he tells me the conditions of the market and that the market is not yet in a position to economically develop that mill.

Q. And that company controls 1,404 square miles. That is right, is it not?

A. Pardon?

Q. That company controls 1,404 square miles?

A. That is right.

Q. Then, is this a correct analysis of the situation; that this company which controls 1,404 square miles entered into an agreement nearly four years ago now under which they undertook to build a mill costing not less than $2,500,000, completed by November first of last year, and that the company has not even started to build, not even submitted plans of the mill to you and that they have done no work on that area other than what you have described?

THE CHAIRMAN: It is nearly three years ago.

MR. DREW: It is nearly three years ago.

HON. MR. NIXON: Q. Of course there are large scale operations over that same area?

A. Yes; J. J. McFadden is operating the Blind River.

MR. DREW: That is not an operation by this company?

A. No, but another company altogether.

Q. Is there any subsequent correspondence from your Department after the letter of July 28th, in regard to the erection of the mill on this property?

A. No, the only—there have been consultations, of course, as to the market and the advisability of the Government forcing a company to build a mill at a time when they could not make it pay. They are in the position that if we wish to do it we can give them formal notice of cancellation. I do not like to do that.

MR. COOPER: Q. You would lose your fire protection charges?

A. Yes. It is an area which is difficult to operate, for this reason; it has to be one of those giant operations. The area is one of these logging or lumbering propositions. On the Mississauga reserve, the red and white pine is prevalent, and there is one river. Perhaps I should say that Carpenter Hickson went in there some years ago and invested around between $5,000,000 and $7,000,000 in a very large up-to-date saw mill at that time. He got a large number of townships from the Government and went in. I think now when you look at it they went in more extensively then than they should have gone in. They had large lumber yards with concrete flooring, basement, so as to wheel their trucks back and forth easily. They gave it up, anyway, and Blind River was one of those ghost towns which we referred to the other day, because they were depending solely on that saw mill.

Finally it was started up again by Mr. J. J. McFadden. Naturally Blind River is like any other town in the North; it is looking for further development. Any town that is of any size which has water power and timber resources, in the North, is looking for some kind of a mill, and frankly this company did

not want to go into that part. They wanted to locate somewhere closer to the lakefront of Lake Superior because logging is more difficult from Blind River up into the American markets, the logs having to go through the different lakes, down the Canadian side first and to the American side, and so on, and so we got sufficient area out of that together with the fact that the company and the logging company made an agreement between them in view of the fact that they were cutting logs for lumber they would cut whatever pulpwood they encountered, and they are cutting pulpwood logs wherever they are encountered, and so while the area is large, it is a mixture.

MR. COOPER: Q. Suppose you cancel this agreement to-day under present market conditions, could you get anyone to go in there and operate?

A. If Mr. Meade cannot operate, I do not know who could. If we cancelled it we would have the $50,000 and whatever amount of money they paid for fire protection charges and it would still revert to the same condition as it was before; no revenue coming from it.

MR. CAIN: May I interject?

THE CHAIRMAN: Yes.

MR. CAIN: This agreement was in part specifically entered into with a view to the establishment of an industry just exactly to meet just such a situation as is suggested in the extract which the Colonel read to-day from the New York Herald and Tribune. This was a chemical sulphate mill, which mill will consume a great deal of the inferior pulpwood than spruce and balsam. In addition to that they contemplate using the sleds from the timber operations being conducted at the present time by the J. J. McFadden Lumber Company, and we were hoping and we still expect that that sulphate mill will be erected because outside of the two in Canada which I recall at the moment, there is no sulphate mill, no kraft mill. There is one in Dryden, Ontario, and another one in Wyagami, in Quebec, near Three Rivers.

MR. SPENCE: Is there not a market for sulphite?

MR. CAIN: In the last two and a half years there have been fourteen or fifteen additional mills put up in the southern part of the United States. Since 1936 I think there has been an addition of 14 or 15 mills. I speak subject to correction.

MR. COOPER: What are they using; southern pine?

MR. CAIN: Yes; both the short and the long leaf.

MR. DREW: Is it not so that the very type of product which was contemplated for this area is the very type of product which unquestionably meets the competition of southern pine? We are not in the theoretical field; we are speaking of the case of newsprint. The southern product competes.

MR. CAIN: Decidedly.

MR. DREW: I suggest the wisdom of considering every utilization of that area, if possible.

MR. CAIN: That is the very purpose we have. We were utilizing the inferior as well as the spruce and balsam, because that agreement provides that they shall be given the right to both the jack pine as well as the spruce and balsam.

MR. DREW: Who is the representative of this company at the present time in Ontario?

MR. CAIN: In Toronto?

MR. DREW: Yes.

MR. CAIN: Mr. H. C. Draper; the gentleman sitting over there.

HON. MR. HEENAN: No.

MR. DREW: I am speaking of Huron Forest Products.

MR. CAIN: The last time I wrote the Huron Forest Products "care of Mr. Draper."

HON. MR. NIXON: Mr. Draper, are you or are you not?

MR. DRAPER: Solicitor for this Company?

HON. MR. NIXON: Yes?

MR. DRAPER: Yes.

HON. MR. HEENAN: What is the name of the gentleman who comes over to me?

MR. DRAPER: Mr. Walter Caten.

MR. E. E. JOHNSON: May I make this little suggestion: the memorandum which was sent to the Minister a week or ten days ago setting forth the position of the Huron Forest Products by Mr. Caten—I want to refresh the Minister's memory if he does not remember.

THE WITNESS: I have mislaid it somewhere. I went to take it home to read it. It is a very long memorandum and I have wired for a copy of it.

MR. JOHNSON: I think it is quite an illuminating memorandum. I dislike very much to interrupt, but being interested in this company I do not want to have it pass without reference to it and having it as part of the record.

THE CHAIRMAN: Have you a copy of it?

MR. JOHNSON: No.

THE WITNESS: I took it home one night to read it. I have mislaid it. I have wired for a copy.

MR. JOHNSON: It is very well prepared.

MR. COOPER: Mr. Draper tells me they wired to New York for it yesterday.

THE WITNESS: It is a very fine document.

MR. DREW: Q. Is there any other memorandum in regard to this company which would indicate what the situation is other than the last one?

A. No, nothing that I know of.

Q. Is there any memorandum or exchange of correspondence which outlines the preliminary steps leading up to the execution of this contract?

A. What was the date of the agreement?

THE CHAIRMAN: April, 1937.

THE WITNESS: The beginning of it was like every other agreement which has been reached; first by conference and consultation; and then on January 30th, 1937, I gave Mr. Cain a memorandum reading as follows:

> "This morning Senator McGuire and Mr. J. G. Sutherland of Dayton, Ohio, interviewed me on behalf of the Company to be known as the Huron Timber Products Limited, application for charter for which is now in the Provincial Secretary's Department.
>
> "This company will have a capitalization of $1,000,000. They stated this company required a timber area from which they could export about 50,000 cords per year for a period of twenty-one years and also stated that they are prepared to put up a mill for either bleached sulphite or bleached kraft at a time to be decided upon between the company and the Government. I pointed out that it was difficult to find an area of timber that drained into Lake Superior because of the fact that we had so many exporters operating on the rivers and also that large paper mills were being put into full operation, as well as applications being made for new industries.
>
> "After canvassing the situation in the office with them I suggested that the industries using our forest products should be spread over a larger area than just one particular part of the province so as to give employment to citizens in other parts of the province. That is, if the industry can be handled economically only.
>
> "I therefore suggested that this company should look over the Mississauga area and I pointed out that in addition to the red and white pine there are large amounts of spruce scattered throughout the area and if the area is suited for their proposed industry and export I would be glad to make a recommendation to the cabinet of such a nature as to encourage the harvesting of the timber upon this particular area.
>
> "In the meantime I have suggested to these people that they should put in an application at an early date so that we will have in writing just what they propose to do."

It is signed by myself.

MR. DREW: Q. Did they put in any application?

A. February 1st, 1937, addressed to the Minister:

"Dear Sir:

"I am acting for a number of persons in the United States who wish to make an arrangement for exporting pulpwood from Ontario and also for the erection of a pulp mill at a later date of such capacity and in such location as may be agreed upon with the Department.

"On Saturday last Mr. John G. Sutherland of Dayton, Ohio, came to Toronto on behalf of Mr. George H. Meade of Dayton, Ohio, and also Mr. Bay of A. M. Kidder & Company, New York City and others. I arranged an appointment with the Honourable Mr. Nixon, acting Premier, for Mr. Sutherland and myself. After advising Mr. Nixon of the arrangements my clients wish to make, he advised me that we take the matter up with you.

"Subsequently, on Saturday last, you were good enough to give Mr. Sutherland and the writer an interview. In our discussion with Mr. Nixon and with you, the Mississauga River District was mentioned and my clients are making arrangements to consider that neighbourhood. They are prepared to undertake to cut and export in the first year at least 50,000 cords of pulpwood, and as above stated are prepared to enter into an agreement to erect a mill. They wish to obtain an agreement for a period of twenty-one years. I am expecting my clients to be in the city again the latter part of this week and will be obliged if you will give them an appointment.

"Yours truly,

W. H. MCGUIRE."

Q. That is Senator McGuire?

A. Yes, that is Senator McGuire.

MR. DREW: Q. Where was that letter from Senator McGuire written from, Mr. Heenan?

A. The McGuire letter?

Q. Yes.

A. Toronto.

THE DEPUTY MINISTER: From his office.

MR. DREW: Q. Then what further material is there on record?

A. Of course there are a lot of letters here, as you will find on all files, from the Board of Trade and Town Council of Blind River, the Board of Trade and the Town Council, the Village Reeve of Sprague.

The only place the Company would build a mill was at a particular point, which was the natural consequence.

Q. And that is what the Chairman might call the claque.

A. I think you will find that in all these files, from away back, if an industry is going to be established near a town, the next village or the next city is the best place, and from political organizations and Boards of Trade, and so on; and even some of them go to the extent of saying that, before you go to the extent of giving the timber and signing the agreement, see to it that they pay for the site and pay for it in their particular town, and not to give them the timber until then.

Q. I was not referring so much to these representations which, after all, are perfectly natural on the part of local bodies in connection with any material; but is there any other material statement made by either Senator McGuire or Mr. Mead or anybody on behalf of the Company?

A. This is one file, Colonel, which I have not had any chance to look through myself.

THE CHAIRMAN: You have examined the file have you, Mr. Cain?

THE DEPUTY MINISTER: Yes, Mr. Chairman. There is nothing on the file after that.

WITNESS: There is nothing after that except conferences with foresters and officials of the Department, and then the Order-in-Council, and the agreement.

MR. DREW: Q. Subject to correction, without examination of the file, then there is nothing on file which would indicate the nature of the discussions other than the memorandum of the Minister and the letter from Senator McGuire and the various telegrams urging that you proceed with it, from these local bodies?

A. Yes.

Q. But, so far as the contract itself is concerned, you just have the letter from Senator McGuire?

A. There were other agreements, you see, Colonel, as I stated before.

There is only one river in which they can log, the Mississauga River; and the two companies, the sawmill company and this company, had to get together to make an agreement as to how they should operate on the river, the one logging for logs and the other for pulpwood. And that agreement was signed before we finally implemented our agreement. There were an awful lot of conferences, I remember, as well.

THE DEPUTY MINISTER: If you do not mind, I would like to have incorporated in the record our tabulated statement based upon the estimate of the

foresters and crews, giving a detailed estimate. I think we might make that an Exhibit.

THE CHAIRMAN: Exhibit No. 22 will be a survey of the Mississauga forest area, dated 1933, made by the Department.

THE DEPUTY MINISTER: All that area is subdivided into townships, and this is to give an estimate of each and every township; and that is difficult where the area is unsurveyed, of course.

HON. MR. NIXON: But the spruce is on there.

THE DEPUTY MINISTER: On the whole 4,000 odd square miles of the Mississauga Reserve; but this agreement only covers 1,400 square miles. It is all estimated on there.

THE CHAIRMAN: Q. The total cordage of the full area?

THE DEPUTY MINISTER: Yes.

EXHIBIT No. 22—Filed by Hon. Mr. Heenan: A survey of the Mississauga Forest Reserve, dated 1933, made by the Department.

THE CHAIRMAN: Q. It is roughly 47,000 cords?

A. Yes.

Q. And the total area contains 4,700 square miles?

A. That is the total area. Of that we gave them something in the neighbourhood of 1,400 square miles, I think.

MR. DREW: Q. I refer now to an agreement dated the 11th August, 1937, between the Government and the Soo Pulp Products Limited, that appears on page 123 of the Departmental Report.

THE WITNESS: I do not think we have the files for the Soo Products.

Q. What other files have you here?

A. The General Timber Company.

THE CHAIRMAN: That is at page 89 of the Report.

MR. DREW: Very well, then, let us deal with the General Timber Company, Limited. That is an agreement dated August 4th, 1937, between the Government and the General Timber Company, Limited.

MR. DRAPER: There is a prior agreement to that one, Colonel, at page 81 of the Report.

MR. DREW: Q. The first agreement appears on page 81, and that is followed

by a supplementary agreement dated the 4th August, 1937, which appears at page 89 of the Departmental Report. What area is covered by that agreement.

MR. J. F. SHARP: No. 15 on this map, Exhibit No. 17, and there is a portion of it that goes over here to the east of the map. The bulk of it is on here.

THE WITNESS: The area, Colonel, is again on the Pic River, or a portion of it. It is the area again that was disposed of in 1917. It is one of the areas that we secured back from the Great Lakes Paper Company, the area that is known as the Big Pic. The Big Pic River has always been regarded as an area—at least the river has been regarded as being one of these wild rivers which is difficult of logging, because of the amount of ice which comes down at periods of the year; and very little shelter is found at the mouth of the river to catch any logs and hold them at the mouth. There is practically no harbour. And that, together with a piece that was then in the Crown, comprises the General Timber Company's holdings.

It may be I had better outline in my own way, how that came about. Again, as I say, the policy of the Government at that time was to create work instead of relief. We were exporting pulpwood. This company desired to export pulpwood only. While the name of the Company is the General Timber Company and the president of the company in Canada is Mr. A. L. Johnson, behind it all was the Marathon Paper Company.

We entered into an agreement to permit them to export 50,000 cords for five years—35,000 cords a year for five years. At the end of the five years they were out, of course, unless we extended their rights; but at the end of the five years, if they agreed to build a mill, we would extend their rights for the usual twenty-one years.

Subject to correction, I would say that that brought them up to 1940. Later, the president of the Marathon Paper Company came over with his foresters and managers and his Canadian representatives, and started negotiations over again, with the result that if we could find them sufficient jack pine from adjacent territory, they would agree to build a mill of 150 tons. That accounts for the second agreement.

Now, there were other things that I do not think you are interested in, Colonel, because of the fact that there were two companies had to use the Big Pic River, and they themselves arranged between themselves as to how they would operate that river; and they made an agreement, and it is incorporated in here as endorsed by the Government; but I do not think you are interested in that phase of it.

They have continued to cut for export. They have spent a considerable sum of money on research, surveys and river improvements; but they have not built the mill. I said the first agreement called for the mill to be built by the 1st of June, 1940; they were so enthusiastic about it, at the second time, that they agreed to shorten up the time for the starting of the mill. I wanted to get something going, and they agreed to build the mill in 1939. But they have not built the mill yet.

MR. DREW: Q. As a matter of fact, they have not made any start on it, have they?

A. No, not on the building of the mill.

HON. MR. NIXON: Q. What was that mill to produce?

A. Sulphates. It is a high-class company.

MR. DREW: Q. You say the Marathon Paper Company is the actual owner of this, is it?

A. The Marathon Paper Company bought out the General Timber Company interests.

Q. Have they been the owner from the beginning?

A. I have been suspicious, from the way things go, that they were behind it and were financing the Canadian interests.

Q. Who were the Canadian interests represented by?

A. Mr. Johnson and Mr. Stewart. Mr. Stewart is recently deceased.

Q. What Mr. Stewart is that?

A. He was a young fellow from Port Arthur, whose father used to be in the lumber business at the head of the lakes. He died about a year ago.

Q. Who do you deal with in connection with the affairs of that company now?

A. Mr. A. L. Johnson, of Port Arthur. But when we say that, Colonel, he is the man who comes back and forth, if there are any discussions—he is generally. But the head man of the Marathon Paper Company—I do not know his title—Mr. Perry Wilson—I do not know how to spell that "Perry."

Q. In that case, I think we can sum it up that the area granted to this company was 2,509 square miles—that appears in section 5 of the second agreement, at page 91—and the company undertook, under paragraph 2 of the second agreement, to complete a mill costing not less than two and a half million dollars by the first day of November, 1939; and, as I understand it, the mill has not been built and no start has been made upon it?

A. That is right.

Q. Have any plans for the mill been submitted to you?

A. No plan; just an explanation why they have not.

Q. Have you that explanation there?

A. On October 23rd, 1939, I wrote them as follows:

"Dear Mr. Wilson:

This will acknowledge receipt of your letter of 20th inst.,"—

Probably I had better read the letter of the 20th.

Q. Yes.

A. This is from the Marathon Paper Mills Company, Rothschild, Wisconsin, dated October 20th, 1939, addressed to the Honourable Peter Heenan, Minister, Department of Lands and Forests, Parliament Buildings, Toronto, Ontario, Canada:

"My dear Mr. Heenan:

In view of the fact that part of our supply of imported Swedish pulp has been shut off, due to the War, we find it necessary to supplement our production by arranging for some additional domestic pulp.

Consequently we have arranged with a nearby Wisconsin mill to cook some Canadian pulpwood for us, we to use all this pulp in our own mills for production of grades of paper other than newsprint. This mill is located at Ochonto Falls, Wisconsin, and is known as Falls Paper and Pulp Co., at Ochonto Falls.

Trusting this will meet with your approval, and with best personal regards, remain,

Yours very truly,

Marathon Paper Mills Co.,

P. M. WILSON, Secretary-Treasurer."

And my reply was dated October 23rd, 1939:

"Dear Mr. Wilson:

This will acknowledge receipt of your letter of 20th inst.

Inasmuch as your undertaking to build and equip a mill in Ontario is up next month I had thought, having regard for all the circumstances and world conditions of to-day that there would never be a better time for the completion of your agreement, and I would be glad if you let me know as soon as possible the intentions of your Company in this regard.

Yours sincerely,

Minister of Lands and Forests."

Q. And what was their reply?

A. November 13th, 1939:

"Dear Mr. Heenan:

Referring to your letter of October 23, 1939, in which you ask us to advise you, as soon as possible, as to the intentions of this Company in carrying out its undertaking with the Crown to build and complete a mill in Ontario before November, 1939, wish to confirm the statements made by Mr. Everest and me while in your office on November 9th, 1939.

You will recall we started in October, 1936, through the General Timber Company Limited with cutting rights on 150 square miles located on the Black River. During that winter we cut about 35,000 cords of spruce and balsam pulpwood. On March 31, 1937, we were given cutting rights on the Big Pic River amounting to about 1700 square miles and released our rights on the Black River, and at that time obligated ourselves to build a 100-ton pulp mill, the construction of which was to begin by June 1, 1940.

On August 4, 1937, a new agreement was negotiated, and instead of a 100-ton mill, we agreed to build a 150-ton chemical pulp mill and were given cutting rights on 800 additional square miles. You will recall that immediately following that time there was a general slump in business, and during the year 1938 the situation in Europe was such that no one in the pulp and paper industry dared to go ahead with an extensive building program involving a minimum of four and a half million dollars. Prices of pulp were at a very low basis and it would have been impossible to finance a pulp mill or any portion of the financing on a basis of the then market for pulp.

With the pickup of business in this country at the beginning of 1939, we made arrangements for the re-financing of this Company, which involved the retirement of our own bonds preparatory to going ahead with the Peninsula Harbor Development and the carrying out of our agreement with the Crown. About thirty days prior to the completion of our program here, war was declared in Europe and in our opinion, the conditions now are such that it would be extremely hazardous for any one to undertake so large a building program. As we see it, it would be impossible to get skilled labor for construction work or the delivery of machinery in Canada so long as Canada is at war. Prior preference must be given to materials and equipment used in war, and there is little likelihood that any concern would care to make a price on equipment or guarantee any date of delivery. It would mean that if they did make a price, it would be so high in order to cover all contingencies as to greatly over-run any sound economic estimate on the cost of building a pulp mill.

We are experiencing difficulty in getting delivery of equipment in this country and we are confident that it would be a much more involved situation in a country which is now engaged in war.

We have a constantly increasing need for pulp and our desire to get ahead with this proposition is just as strong as when we negotiated the agreement. It is our firm belief, after surveying the whole situation, that we should delay the building of this mill until the war is ended. At that time there will be need of employment for men in peace time operations, and we believe the mill can be built much better, and at less cost, than at present, despite the disparity in the value of a dollar.

It has not been a lack of desire on our part, but rather the troublous world situation, which has upset our plans. In face of all this, we think we have performed in pretty good shape in relation to all of the requirements of the agreement with the one exception of the mill. When we first discussed this matter, we were told of the necessity for employment and we

immediately arranged to commence the cutting of pulpwood. Since that time we have spent a total of $1,833,046.84 up to October 23, 1939, the date of this letter.

This was made up as follows:

1. Made deposit with the Crown of	$ 50,000.00
2. Paid in Crown dues	182,986.74
3. Paid ground rent and fire protection	76,682.80
4. Paid export fee on wood delivered in 1939	1,346.44
5. Purchased lands, made permanent improvements, and provided equipment in the sum of	202,599.62"

Q. Did you say "purchased lands"?

A. Yes. What that means is this—we may have to provide against it, but I do not know how just yet—anybody knows that when there is information that there is to be a mill built, somebody will make an excuse for staking out a mining claim, or doing something else.

Q. Does that mean that this company has purchased lands?

A. Yes.

" 6. Spent on surveys, supervision, cruising, investigation and forest engineering	69,723.59
7. Paid for labor, cutting, hauling and driving	808,726.44
8. Paid for general operating expense	151,593.68
9. Paid for towing charges and insurance	174,252.18
10. Paid for engineering reports and preliminary plans	10,822.53
11. Tests run on pulp from Peninsula timber	803.17"

That is to say, they tested out the pulp in regard to the strength from that particular timber.

"12. Purchased all of the stock of the General Timber Company Limited	103,509.65

You will note from this that with our deposit of $50,000.00 we have paid the Crown in dues, ground rental, etc., $311,015.98. During this time we have brought to this country, under the terms of our agreement approximately 124,000 cords of spruce and balsam pulpwood, and we have in the course of cutting, etc., about 36,000 cords in Canada."—that is on the bank.

In 1937 we engaged one of the best engineers in this country to make a study of the bleached sulphate mills in this country and of the very latest practice used in other countries, with the result that he has prepared rough sketches of the proposed layout. These plans are to be developed and worked out in detail, later on in Toronto, with Canadian engineers, and in this regard I am again doubtful whether I could obtain the necessary

draughtsmen and engineers to do the detail work on a plan of this size at the present time.

Through the co-operation of some men of your country we have secured the soundings and borings at the site of the proposed plant, which cover the docks as well as the mill buildings and a rough layout of trackage with the C.P.R.

In our operations we are also planning on the use of not only spruce and balsam but also jack pine, birch and poplar. We are, at the present time, using a considerable quantity of so-called hardwood, sulphite pulps which can be replaced with the bleached sulphate pulps made from these woods. Jack pine can also be used with advantage in some of the pulps we require, and it is our intention to use these poorer species in the manufacture of some grades of pulp. You will recall that we have since asked that these species be included under our agreement, and the utilization of these should increase the revenues to the Crown.

In addition to the plant, itself, and the town which must be developed at Peninsula Harbor, we will also spend considerable money in opening up the north end of the limits with roads, fire protection trails, equipment, etc. Also, there must be considerable money invested in two or three water storage dams at the outlet of McKay, Kawepite, and Kagianagama Lakes, to insure plenty of water during the driving season.

Before proceeding with the erection of a mill, there are several other matters which were mentioned in our letters dated December 2, 1938, and January 17, 1939, in which we should be in agreement. These letters cover specifically:

1. The necessity of providing additional jack pine timber in the vicinity of White River, so as not to be entirely dependent on the Pic River.

2. Some rearrangement in the Crown bonuses covering the spruce and balsam timber on the upper Pic watershed.

3. Rights to sawlog timber, poles, piling and tie timber on the areas covered by agreements.

4. Any additional tax on pulpwood or special increase in Crown dues or bonuses on pulpwood exported should not be applicable to areas held by our Company.

5. Consideration of our request to add to our agreement a clause protecting our Company in case that at some future time the Provincial Government might see fit to reduce or prorate pulp production—that such regulation would not apply to this agreement.

These are all matters which we feel can be adjusted satisfactorily. As stated before, our need for the type of pulpwood which we propose to make in Canada is constantly on the increase. And we are firmly of the opinion that bleached sulphate pulp made from slow growing wood, such as those found in your country, will be the outstanding pulp in the future.

No one can tell how long the War will last, but as an expression of our intention in relation to this agreement we would say that it is our intention to proceed with the erection of the mill just as soon as we determine in our own minds that such a project can be carried on to a quick conclusion on an investment cost per ton which will insure its economic operation over a long period of time. We believe this to be sensible judgment in which you will concur.

Yours respectfully,

Marathon Paper Mills Co.,

P. M. WILSON, Secretary."

Q. Did you reply to that letter?

A. No.

Q. There was no reply sent to that letter?

A. No.

Q. What is the date of it—November 23rd, 1939?

A. Yes.

Q. That is the last letter on file?

A. Yes.

Q. How much pulpwood has been exported from that area under that agreement?

A. 124,000 cords now in the United States, and 36,000 cords cut, and is in Canada ready for export this spring.

Q. In what period was that cut?

A. Starting in the spring of 1937-1938.

Q. Have you the figures for the various years?

THE DEPUTY MINISTER: I think I have that, Colonel. We have the 1937 and 1938 figures, but not those for 1939.

Q. Let me have those figures.

THE DEPUTY MINISTER: 1937, 26,284; 1938, 52,200.

MR. DREW: Those are the figures of export?

A. Yes.

THE CHAIRMAN: Before we adjourn, I would like to clear up two matters

on the record of yesterday, on page 708, which is reported on the motion that came before the Committee, and it is rather ambiguous.

I believe that what really happened was this: That there was a motion before the Committee, moved by Mr. Nixon, and an amendment moved by Colonel Drew, and Mr. Heenan had stated he would not vote. Then when the vote was called on the amendment it was supported by Colonel Drew, and Mr. Spence; and Mr. Nixon of Brant, Mr. Nixon of Temiskaming, Mr. Cooper and Mr. Oliver voted against.

Then the motion was carried with the same vote in reverse. Then on the second motion the result of the vote appears on page 712, and again it is rather ambiguous. In this case Colonel Drew stated definitely he would not vote for the motion; and when the question was put to the Committee, I understood that all the other members were favourable to the motion. Is that correct?

MR. DREW: No dissent was expressed.

THE CHAIRMAN: Then the Committee stands adjourned until to-morrow morning at 10.30.

(At 1.00 p.m., Wednesday, February 21st, 1940, the Committee adjourned until Thursday, February 22nd, 1940, at 10.30 a.m.)

EIGHTEENTH SITTING

Parliament Buildings,
Toronto, Thursday, February 22nd, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Welsh.

THE CHAIRMAN: The Committee will come to order. Before we proceed with the evidence I may say that I received a telegram from Mr. John T. Stadler in which he first stated that he had expressed a desire to appear before this Committee, and then he expresses certain opinions on matters which have come before this Committee.

I wired him to the effect that I did not see how I could put this telegram before the Committee because our practice has been to take evidence under oath but if he wished to appear before the Committee we would consider his application.

I now have a telegram from Mr. Stadler which reads as follows:

> "Re Telegram. I am at the disposition of your Committee and shall be pleased to appear before it if the Committee feels that I can contribute anything of a constructive nature.
>
> Awaiting your letter with interest."

Then I have another telegram which I received yesterday afternoon from Mr. Bruce Magnusson, President of the Lumber and Sawmill Workers Union of Port Arthur, which reads as follows:

> "We should appreciate an opportunity for our Mr. Cooper of Toronto to appear before your Committee in our behalf on Thursday or Friday this week to discuss certain matters arising out of problems now before your Committee and affecting labour and employment."

Now, gentlemen, what is your pleasure concerning these two matters?

MR. DREW: As far as I am concerned I have indicated my anxiety to get all the relevant evidence, and so far as I am personally concerned these telegrams raise no new point.

It had, of course, been my intention to request to this Committee that Mr. Stadler should be here at some time during the proceedings when we were dealing with Lake Sulphite. I have made it clear on several occasions that at the moment we are merely laying the foundation for the more detailed aspects of the inquiry by putting in evidence in regard to the background of each one of these companies and it would seem to me so far as calling this witness is concerned, or having witnesses here, that might very well come in at the time we are dealing with the particular subject of which they have some particular knowledge.

HON. MR. NIXON: If he wants to come, we can hear him, but we cannot compel him to come.

MR. DREW: I feel sure that Mr. Stadler would be very glad to come here, but it does not seem to me that we are going to gain anything by taking the evidence piecemeal. The Minister has laid the foundation in regard to each one of these companies and I thought the simplest way would be to take each by itself and bring in the evidence which relates to that particular company.

HON. MR. HEENAN: I think you should hear the labour men. We have not had a labour man here.

THE CHAIRMAN: I will instruct the secretary to answer these two telegrams and tell Mr. Magnusson and Mr. Stadler that we will communicate with them later.

Mr. Cox?

CHARLES W. COX, Sworn.

THE CHAIRMAN: I think we all know who you are, so if you have anything to tell this Committee we will be very glad to hear you.

THE WITNESS: Thank you.

Well, Mr. Chairman, I want to express thanks, as I did the other day,

for the opportunity of appearing before the Committee to make such observations as I like in connection with the lumbering industry in Northern Ontario and particularly the district of Port Arthur, Thunder Bay, of which I have the honour to represent.

I think an inquiry such as you gentlemen are holding has considerable merit and I think salient facts can and will be brought to light as a result of this inquiry which will result in the more beneficial handling of our resources in the North and the getting of greater benefits for our people.

I would like to congratulate those members who are responsible for the forming of this Committee. Colonel Drew played some small part in that, or perhaps some major part, and the Prime Minister consenting I would like to offer them my congratulations and I can assure you that if you get the forest resources on a little different basis in Northern Ontario that the people there will owe you a debt of gratitude hard to repay.

I would like to point out that I am speaking to you in a rather dual capacity of mayor and member. I am member of the Port Arthur district and mayor of the city of Port Arthur, a position which I have enjoyed for the last seven consecutive terms.

HON. MR. NIXON: And you are also a timber operator?

A. I was, but when I got into politics I got out of business.

I think the district which I represent is rather important in connection with the inquiry which you are now holding. At least approximately one-third of the total revenue of the Land and Forest Department of the Province of Ontario originates in the Port Arthur area. I also think that I am equally safe in saying that somewhere in the neighbourhood of eighty per cent or ninety per cent of the total amount of export wood exported from Crown lands in the Province of Ontario is exported from the same territory.

I should like to include the two cities, although I only represent Port Arthur. I should like to say something about the two cities because it links up with what I propose to say later in regard to hydro-electric development.

We have in those two cities an assessment of approximately sixty millions of dollars. We have spent in our harbours and public fund programme somewhere in the neighbourhood of twenty millions of dollars, and there has been spent in hydro-electric development, most of which was predicated on the utilization of our timber resources, somewhere in the neighbourhood of twenty millions of dollars.

We occupy a rather unique position geographically. We have shipping transportation down the Great Lakes to some of the largest markets in the world.

I want to suggest to you that we have in that country perhaps the major stand of pulpwood timber on the continent, having regard to the accessibility of the geographical location. I would like, if I may be permitted, to read something which was in the Hydro report at the time the late Sir Adam Beck was

chairman in 1922. I think he visualized the possibilities at that time and he synchronized those possibilities with the development of our hydro-electric industry.

THE CHAIRMAN: You might indicate the title of the reference or volume from which you will read?

A. Yes. "The Nipigon Hydro-Electric Power Development Constructed for the Municipalities of the District of Thunder Bay by the Hydro-Electric Power Commission. Hydro-Electric Power Commission Report of the District of Thunder Bay, 1922."

May I quote what the late Sir Adam Beck said at that time:

> "Situated at the head of navigation of the Great Lakes and constituting a railway gateway to the Canadian Northwest, Port Arthur and Fort William occupy a position which ensures for them an enviable future. Only the non-development of the natural resources of the Thunder Bay District, or their development in such a manner as to rob the citizens of the district of their due share in the profits of development could cripple the growth of this extensive territory."

Well, I want to suggest to the Committee, and I will try to demonstrate it, that the sound business principles as laid down by the late Sir Adam Beck have not been followed and the district is now being robbed of the due share of the development of its resources. The policy of the late Sir Adam Beck linked up with it the development of our timber. It is interwoven.

MR. DREW: Q. You mean the policy at the lakehead?

A. I mean the policy at the lakehead. It was overdeveloped with our development on the Nipigon River. In other words, Sir Adam Beck at that time limited the immense forest reserve and referred to the limits which have been disposed of since that time and I suggest to you that each one of those limits were linked up with the development on the Nipigon River, on which approximately some twenty millions of dollars has been spent.

May I quote again:

> "Thunder Bay District posesses one factor absolutely essential for the development of its natural resources, without which the industrial future for the utilization of its resources would be lacking in promise. Its vital factor is hydro-electric power.
>
> Thunder Bay District is rich in power and if it has power marketable at reasonably cheap rates, industry depending on its great supply of pulpwood will irresistibly be attracted to this district."

MR. OLIVER: Q. Is that from the Report?

A. Yes. This is a most interesting Report, I think, as a result of visualizing the area's resources and transportation down the lakes to the markets. The

guarantors of the Hydro-Electric in the Thunder Bay System, like any other system, is the community for which it is built.

In this case Port Arthur has assumed the major share. I think Port Arthur assumed somewhere in the neighbourhood of sixty per cent. of the liabilities, Fort William something like thirty per cent, the other municipalities and Nipigon taking the rest.

At the time of the development of the Nipigon River very little timber had been disposed of prior to that time. Subsequently enormous areas of timber were sold.

I would like to refer to the sales of 1926 when some 3,000 or 4,000 square miles of timber were sold carrying with it heavy obligations for the construction of mills and the employment of men. This obligation carried with it the necessity for additional power. Prior to that time there was some seventy-five thousand horsepower developed on the Nipigon River with a capitalization of somewhere in the neighbourhood of twelve million dollars. As a result of the contracts entered into at that time with the various companies and the representations they made requiring additional power, some additional fifty thousand horsepower was developed on the Nipigon River, and some additional six million dollars was added to the capitalization of that unit.

The result is this: that the mills were not built; the power was not taken and the excess cost has been a burden on the other power users. Up until a few years ago there was 125,000 horsepower developed on the Nipigon River. Never more than 75,000 horsepower had been utilized, and as you all know, power is predicated at cost. The users there have been required to assume an exceptionally heavy burden. Now, this is not a small matter. The cost to date runs into millions in so far as those municipalities are concerned.

Hon. Mr. Nixon: Q. What is the situation to-day with regard to excess power?

A. Well, it is a little better to-day. Something like 85,000 horsepower is used out of a total of 125,000 horsepower developed. We have very material advantages as a result of the mine development in the Long Lac district. I think they use in the neighbourhood of 10,000 or 15,000 horsepower and I think the maximum horsepower being utilized to-day is something like 85,000 horsepower. Another portion is being taken at a cheaper rate. I think there is 25,000 or 30,000 horsepower going to waste. We are using about 85,000 horsepower of the 125,000 horsepower developed.

To get back to these contracts which were entered into at that time in 1926, the Nipigon Corporation when obtaining timber areas contracted for approximately 30,000 horsepower. I remember they agreed to build a mill and employ some 400 men in the woods and the same number of men in the mill. The mill was never built and the men were never employed. The burden of the Hydro System has been carried by the people. They contracted for something like 30,000 horsepower at that time. In 1937 the total consumption of that plant was 2,466 horsepower. I think from that it is quite obvious that that has been a burden on the users of power in that municipality.

I want to refer to some of the limits which were sold subsequent to that time. As I said, these areas were all linked up. In 1921 the Long Lac Limited was sold 2,176,000. The Nipigon Corporation Limited to which I just referred was disposed of in 1924, some 1,300,000 acres. The Thunder Bay Paper Company were operating at that time. They have a mill at Port Arthur, 995,000 acres; the Fort William mill 1,156,000 acres. The Provincial Paper Mills secured an area of 906,000 acres. Most of those contracts at that time carried obligations for the construction of mills and the utilization of power of the Nipigon River. Those contracts were never carried out, which has left a burden on the people of that district.

I am forced to suggest in a somewhat critical manner that when this Government took office they transferred those areas to other companies with no obligation to take power from the Nipigon River, which has further added to the burden of the power users of the Thunder Bay System. I want to refer to the Lake Sulphite area, which was disposed of some years ago.

DOCTOR WELSH: What is the power situation now? How much would they be using. You say it made a difference?

A. Well, had they utilized all the power which was developed at that time there would be an essential reduction in the cost, whereas we have been paying $20 or $21 per horsepower all during these years. Had the maximum amount been utilized the cost of the horsepower would have been down to around $14 or $15.

MR. OLIVER: Q. The total horsepower is higher than what it was some years ago?

A. Yes. We are using something like 85,000 horsepower of the 125,000 horsepower developed.

MR. COOPER: Q. Does that not simply mean this; that there is a reserve of less than 30 per cent?

A. Perhaps so. There is about 10 per cent horsepower now going into the mines, but it has had the effect in those years of increasing the cost to the consumers in that district. Power is predicated on the cost.

Q. Power is predicated on the cost to the municipality?

A. To the users in the district, so it has not only had the effect of increasing the cost, but it has also had the effect of retarding industry from coming into that district. If the maximum amount of all this horsepower were utilized, there would be a corresponding reduction of cost of power.

I want to say something about Lake Sulphite.

HON. MR. NIXON: Q. Is it not also true that surplus power has been used for secondary purposes by industry, and industry benefits particularly.

A. Yes, it is utilized as secondary power, but only at a cost from which the

municipalities get no benefit. There is considerable secondary power being used, but not at the same cost of power.

Q. But nevertheless the industry which uses that secondary power has benefited very greatly.

A. There may be some benefit, but very little benefit to the system in regard to return on investment.

THE CHAIRMAN: Q. How do your power rates compare with other muncipalities' of the North?

A. To which municipalities do you refer?

Q. Well, Sudbury or Timmins?

A. I have not the rates. I think there is a power development up in Kapuskasing which is very much lower than ours. I have not the rates at the Sault nor at Sudbury, so I could not say as to that.

Q. Go ahead.

A. Well, now, in connection with Lake Sulphite: it was contemplated at the time that the power contract should be entered into with them, of which I must say I was rather critical. I headed a deputation some years ago at the inception of the Lake Sulphite, protesting against the rate which was proposed to be given to them at that time, and I suggest a rate lower than cost is absolutely contrary to the fundamental principles as laid down by the Hydro-Electric Power Commission. Obviously, if you give any one company power at a lower rate than cost it has a detrimental effect on all the other users in the district and puts them at a complete disadvantage. I say that our system like all others is predicated on power cost.

Now, Lake Sulphite Limited: I suggest that it was entirely wrong—and it was entirely wrong—to give them a power rate at anything below the cost of the district, and I want to also say that I hope we do not make the mistake in the future which we have made in the past, I have referred to the facilities at the head of the lakes and the amount of money which has been spent in harbours and I do not think it is to the interest of the people in Northern Ontario, particularly in that district, that we should permit these mills to be constructed at isolated points. It is contemplated to build a mill down at Heron Bay—and I will speak to that later—and I am also critical of the present site of the Lake Sulphite Company.

It is perfectly obvious that the facilities which we have at the lake head and the facilities which they have at Nipigon, permit a mill to be located there. There is a duplication of service, such as schools, roads, power lines and other facilities which make up community life, and all those facilities are available at the other communities. It is an undue burden on the taxpayers; the starting of new communities in the northern territory. I can never understand why they would build a mill or be permitted to build a mill at that point. I do not know whether I should suggest that one of the backers had sold the site at a

most extravagant price, and have had some influence on determining the site. I can see no other reason for building a mill there.

COLONEL DREW: I did not get that.

THE WITNESS: I said one of the backers must have sold the site at an extravagant price and must have had some influence in determining the site. I can conceive no other purpose of building a mill at that point.

MR. DREW: Q. I do not want to interrupt your line of thought. Do you mind my asking you a question, or do you prefer following your brief right through?

A. I do not mind your asking.

Q. You have asked to come here and I do not like to interrupt you but if it does not interrupt your trend of thought, I want to get something which you raised clearly in my mind.

When you question the wisdom of the location of the Lake Sulphite Mill at the point which they chose, and you say it was not economically sound to duplicate all the various services which were involved, do you mean by that that from the economic point of view it would be sounder to bring that raw material to a central point?

A. Why, most naturally. You might as well go up and down the coast to the city of New York and San Francisco and build other communities away from these large centres.

Q. Your argument is that it would be cheaper to haul the raw material to the shipping point and produce there rather than to build a new mill?

A. Obviously.

Q. Well, I do not want to interrupt you but I wanted to get that point clearly in mind. What I wanted to know was whether you were arguing from the social point of view or whether you were arguing from the economic point of view in regard to that?

A. I think it militates against these communities and puts them at a great disadvantage to start new communities at isolated points, build new schools, roads, power lines, docks and harbour facilities, all of which we have at the head of the lakes. In fact, we have them at Nipigon. The present site of the Lake Sulphite plant is 10 or 15 miles from Nipigon. I could not conceive anyone putting a mill at that point having any interest in the communities at the head of the lakes by any practical application of business principles.

I now want to say a word about the Long Lac, which I think is known as the Pulpwood Company. I am somewhat critical of that.

MR. DREW: The Pulpwood Supply Company.

THE WITNESS: Yes. I do not know what the expenditure is. I have never had the figures, but I think it is somewhere in the neighbourhood of $1,000,000 and I think it was represented that we required more power at that time. I do not know what we wanted it for. We had 35,000 horsepower going to waste. I think that timber could have been hauled more advantageously from Long Lac to Nipigon by rail.

MR. OLIVER: Q. By rail?

A. By rail. I question very much if that drive will ever be practical. In other words, I think the money which has been spent on that project has been wasted. Over a long period of years that traffic would ordinarily accrue to the Canadian National Railways. All the wood on the Long Lac, except perhaps that which goes north to Hudson Bay, is tributary to the Canadian National Railways.

While it is possible—and anything is possible—but I question very much the wisdom of digging a canal in order to take the wood from the Long Lac territory to Lake Superior. Money will be continued to be spent. It is a most intricate drive. The drive comes out on the bald shore of Lake Superior and it will never be practical. You will find that in time, as wood comes out, an enormous amount of money will have to be spent to keep that in shape.

HON. MR. NIXON: Q. Is it not a fact that it has been very practical?

A. No, sir, not very practical. You will find as times goes on that money will have to be spent. There are enormous slopes in that river and there are many lakes. The lakes are not large enough to tow across; you have to depend on the wind. The wind blows in any direction, although it does not blow in all directions at one time. The volume of water which will be required to take the wood out of that river will come down there at such a rate that the erosion and tearing away of those banks will make that stream larger and larger year by year, and without having enormous amounts of money being spent for revetment walls, you will find that will be an impractical drive—and I think I know something about driving.

MR. DREW: Q. If the erosion from fast-running water will be as great as that, is it not going to have, or is it not likely to have, a very considerable effect on the power factors available, from the point of view of the hydro-electric power which can be developed there, or do you care to express an opinion on that?

A. My own personal opinion is that when you finally drive the amount of wood out of that lake which they contemplate driving, there will not be enough water left to make power enough to drive a washing machine. I am suggesting that as time goes on the Hydro will be greatly disappointed or keenly disappointed as to the amount of water they expect to get from that watershed.

THE CHAIRMAN: Q. It might affect the development on the canal, but surely the water would still go down to Niagara Falls?

A. What is that?

Q. I say it might affect the development right there, but the water flowing into Lake Superior would still reach Niagara lower down?

A. Undoubtedly it would increase the volume at the lower location. Perhaps I was wrong. I understood Colonel Drew to be inquiring as to the amount of power which might be developed on Long Lac after the water has been taken out for driving purposes.

THE CHAIRMAN: I merely wish to clear up that point, gentlemen.

THE WITNESS: You mean down below?

THE CHAIRMAN: Yes.

THE WITNESS: Well, the water will run down below.

MR. DREW: Water still runs down hill whether it is from Long Lac or any other area, but what I had in mind was this—and I do not want to interrupt your trend of thought, but you raised a point which is new to me—that if there is erosion and widening of the river, it seems to me that there is likely to be a very considerable change in the amount of power available from the flow of that water?

A. You mean the power developed in Long Lac?

Q. Yes.

A. That is quite obvious. It obviously does not affect the volume which goes over Niagara down below, but if you have to take more water, surely it lessens the water available for power purposes.

Q. Is that clear?

A. Yes.

MR. OLIVER: Q. At Long Lac?

A. Yes.

MR. DREW: Why I introduced that question was because we have heard here certain things, and I do not know whether or not you were here, but it was discussed that there were two systems under consideration. One was the building of a sluice-way, which would have been relatively cheap, and the other was the building of a canal which would combine power possibilities with sluicing possibilities and the argument was that the power could be developed there. The point you raised seems to me to suggest the fact that without very considerable expenditures on revetment, the power possibilities might be affected by the erosion which you describe?

A. Naturally.

HON. MR. NIXON: The power to be developed is to be the jumping-off

place of Lake Superior, is it not? The suggestion was just one power development at the outlet?

A. I never knew that was contemplated.

MR. SPENCE: Q. Where is the dam?

A. The dam is north of the railway track, north of Long Lac.

HON. MR. NIXON: Q. That is to stop the flow?

A. Yes. And there is a falls between Long Lac and Lake Superior. I cannot say whether they contemplate putting in a power plant in there and I do not know for what it would be required. We have a power plant already. If it is contemplated putting one in there, I cannot conceive the purpose of the development.

HON. MR. HEENAN: Where you are driving logs on a river where there is power development at some point on the river do you not use the water for the driving of the logs and the balance for the power. Does not some water go over?

A. The water can be used, but if you are going to take an unusual amount of water to drive the wood down the river it is perfectly obvious that there would not be a reservoir for any power purpose. That is what I am trying to make clear.

Now, I think that Long Lac development puts the American mills in an advantageous position over the Canadian mills. I do not know what those rates are, but I have read the reports and I think they are paying a dollar fifty a cord stumpage and in addition to that river improvements have been made for them. This is the first time that I have ever learned or knew that in Northern Ontario river improvements had been made for those who contemplated doing the driving. That is usually the rivermen's job, so whatever money has been spent for this company gives them a distinct advantage over any other river driver who has to improve his own scheme. I think that gives an unfair advantage to the American mills.

As an illustration, Abitibi, as a result of this reallocation—and I see a member of Abitibi here—they are forced to take timber on the northern shore of Lake Nipigon, and I am suggesting to you in regard to the company which is being forced to do that, it will cost our Canadian Company from a dollar to two dollars a cord more to get their timber to a Canadian mill than it does to move this wood to the American mill. In other words, they are paying $150,000 more a year; that is, annually.

HON. MR. HEENAN: How do you figure that out?

THE WITNESS: The cost of log wood from Lake Nipigon to Port Arthur would be one dollar to two dollars more to take wood out than it would to American mills to-day.

MR. DREW: The effect of this expenditure of a million and a half dollars is to place the American mills at an advantage over the Canadian mills.

A. Well, I said I know that in my case in Northern Ontario we never, but in the case of the man who did drive, he made improvements on the river, and I know it is amortized over a period of years.

Q. Only three hundred thousand of a million and a half is amortized?

A. I suggest to you it has never been done before, and to spend any amount of money to facilitate the driving for American mills puts Canadian operators and drivers at a disadvantage.

THE HON. MR. HEENAN: All other companies have to put in their own river improvements and waterways, and you will have to admit that once a company does put in their own river improvements, dams, etc., they then have the right according to the Act—

THE WITNESS: The River and Streams Act.

HON. MR. HEENAN: Under the Act they have the right to charge toll to any other lumber operator who comes along behind them.

THE WITNESS: They have that right, but I have been improving streams for twenty-five years and I have never collected a dollar yet. Collecting the money is more difficult than going after it. It sounds rather fine in theory but it is not proved in practice. When you build dams and improve the river, the other fellow comes along and uses them.

Referring to the Pic River Limit—that is the General Timber Company—I have not all the details of the contract, but I see some arrangement was entered into with them whereby they have the right to export wood from the Pic River Limit and they are under obligation to construct a mill, and while I again question the wisdom of it, they have not started that mill and I think it is unfair to the municipalities at the head of the lakes, with their investment in Hydro, to enter into a contract for the delivery of timber to the American mills when they have no obligation under which they are to take hydro-electric power, and I also think the locating of mills at that isolated point is not good. There are no facilities. It is simply the bald shore of Lake Superior. It costs very little to take wood to the head of the lakes.

Transportation by water is unusually low and the advantages gained by putting these mills in settled municipalities more than off-sets the cost of towing wood. Transportation by water to the head of the lakes or to the markets on Lake Superior is very low indeed. For instance, you can take a product from the head of the lakes, or out of Port Arthur, down the lakes to Chicago or Detroit, and it is so cheap you can move a product from Port Arthur to Detroit cheaper by water than you can move it from Toronto to Hamilton by truck or rail. There is the advantage in water transportation. The distance is 700 miles. So I suggest that it is detrimental to the interests of those communities to permit a mill to be constructed at that point; that is at Heron Bay.

COLONEL DREW: Q. The arrangement with the General Timber Company was that they were to build a mill costing two and a half million dollars, and it was to have been completed by the first of November, 1939, and incidental to that arrangement they got the right to export.

Do I understand from what you say now that the right to construct that mill at that point should not be granted?

A. I do not think so, no. I explained before, if you would care some time to read the Beck Report, which is very comprehensive, referring to the possibilities of the district, the limit which the General Timber Company have and the limit which the Ontario Paper Company have, were all interwoven with the development on the Nipigon River.

Q. Mr. Cox, would there be any way of compelling the delivery of that pulpwood from an area like that, especially mills at the lakehead, except by inisting upon the manufacturing clause in the contracts being observed?

A. Well, I do not think any permission should be granted to any company or any person to build a mill at an isolated point like that, disregarding these communities and disregarding the Hydro-Electric Power Thunder Bay System.

Q. That is a specific contract with which we have been dealing—the General Timber Company—and in the evidence it appeared that this company entered into a contract on the 31st day of March, 1937, and in that and in a supplementary contract they undertook to build a mill costing two and a half million dollars to be completed the first of November, 1939, and incidental to that they were given certain rights on the export of pulpwood. It is only a question of whether you care to express an opinion on that, but we seem to come up against this question of what is to happen on the whole problem of export, because you see in the first place you say that the mill should not be constructed at that point.

Now, we have had no evidence one way or the other. Suppose your contention were accepted and that the mill were not built there, then as this contract now stands they would have the right to export pulpwood to the United States and having regard to what you have already said about the fact that where transport is so cheap, in view of the fact that this company is actually owned by American interests it would seem obviously on the face of it that the pulpwood would likely be exported so long as there is no restriction on exportation.

Do you care to express any opinion as to the general principle of control or limitation of the export of pulpwood?

A. Well, I have some views on the export of pulpwood which I will submit a little later on that point. At this time, on that point, due to war conditions and changing conditions there should be a curtailment on the exportation of wood. I myself, I think was responsible, and I want to commend the Government for their adamant view years ago in making possible the export of pulpwood from Crown lands at that time. I should like to bring up the point a little later on and express my views in regard to the export of pulpwood.

Hon. Mr. Nixon: Q. On the particular point you are discussing is it not in the interest of the country generally, up there, to have development some place else besides the one point at Port Arthur; that is decentralize industry to some extent?

A. I will extend an invitation to the Committee to come up there a little later on. It is absolutely incomprehensible to me how any one could ever conceive the putting of a plant of any kind at that isolated point at Heron Bay. You cannot get to it within 150 miles. There is nothing there but rocks. There is no farming community and there is no settlement within fifty miles. Do you suggest that we should start new communities and centres?

MR. COOPER: Q. How close is the railway to it?

A. The railway goes right by it.

HON. MR. NIXON: Q. But do not very prosperous communities spring up around mining developments?

A. How could there ever be any development in an area of that kind? No possible chance. As I said, I am going to extend an invitation to the Committee to come up there. It is only by visualizing those things yourself that you can fully comprehend them.

DR. WELSH: Q. There are in Northern Ontario places which can be settled and new communities started?

A. Yes, if you refer to Kapuskasing and the clay belt—

MR. OLIVER: Q. You would have to go 150 miles by rail in order to get to Port Arthur?

A. It is nearly 200 miles east of Port Arthur by rail in order to get to that limit.

Q. That would be costly?

A. By rail, but not by water. It all comes to Port Arthur by water.

MR. SPENCE: It is less than one division.

THE WITNESS: It is the other side of Schreiber.

MR. COOPER: How would you suggest getting to Port Arthur.

A. Tow it.

Q. What would it cost to get 100,000 cords there?

A. $50,000 or $75,000.

HON. MR. NIXON: Q. Is there not a great risk in towing great rafts of logs 200 miles across Lake Superior?

A. Well, it is a great risk, but we have been doing it for the last thirty years.

Q. As an illustration in regard to the risk: This same company—the

General Timber Company—are towing their wood now all the way across Lake Superior which is much farther than going to Port Arthur. I think it is 350 miles across Lake Superior to Ashland, and they are towing it across there. It is nearly 400 miles. They are towing that wood right across Lake Superior, and it is unprotected, right out in the lake. There is much more chance of towing it out in the lake than there is on the north shore. I have been doing that for twenty years. Of course it is a risk when you have $100,000 worth of wood out on the lake, and it is only these last few years that we have been able to insure it. Obviously there is a risk. The last few years we have been able to insure it, and it runs about three, four or five per cent. In the last twenty years I only know of one raft which has been completely lost. You lose some wood, depending on the storm and general conditions.

Q. But there is still a mill on the site where the wood comes out?

A. Pardon?

Q. A mill built on the site where the wood comes out on the lake would have that advantage?

A. I do not think so. I think the advantage of having logging facilities in settled communities has much more compensating features than building a mill down at a place like Heron Bay, where you have to put in docks, and where there is no harbour or schools. There is nothing there and never will be—not in our time.

Now, I want to say something about the export. Somewhere in the neighbourhood—and I have not the exact figures—of 80 per cent or 90 per cent of the total export wood from Crown lands in the Province of Ontario comes from the Port Arthur district. I am not suggesting for a moment that the export should be curtailed completely, but I think it should be controlled. I think that I will have to assume the responsibility of this change of policy. I think in 1934 or 1935 we had some 4,000 or 5,000 men working on the roads in the Port Arthur district. They were going to be laid off, and I knew it would create an acute labour situation at the head of the lakes, and I knew there was a market for peeled wood in the United States. There always was and always will be, in our time. I made a report to the Government at that time and brought down a number of operators and asked that the embargo be left on the wood. That was done at that time.

I want to commend the Government and particularly the Premier, and I think as a result of war and changed conditions that that should be controlled. It should be modified. I do not think we should export so much wood. I think we should make some effort to have these mills built in Ontario. Does it not seem the natural, the logical thing to do? We have cheap power, if it were utilized. It has to be utilized in order to get the advantage of the cheap rates. We have the power on that system. I think we have the most accessible timber on the North American continent. We have cheap transportation down to the great markets and there has been each year almost one million tons of this chemical pulp—somewhere in the neighbourhood of $75,000,000 worth of products—coming from the Baltic Sea to the Great Lakes and past our back door. Does it not seem logical that we should enjoy some of that trade?

How can the Lake Sulphite ever expect to be rehabilitated when the raw material upon which they depend is going right past their door in enormous quantities, going down into the United States and manufactured into the very same product which they expect to produce?

MR. DREW: You mean sulphite?

A. Yes, the raw pulpwood in huge quantities. We export somewhere between 300,000 and 400,000 cords. It is going by their door and going to their market; it is the very article they expect to produce.

Now, you take a trip into Wisconsin, and it is only a few hours' drive from the head of the lakes, and you can see fifteen to twenty paper mills within twenty-five miles and there is not a standing stick of timber within two hundred miles. You see nothing but mountains of Canadian wood.... It seems to me to be a most extraordinary situation.

Let me read something from the American Pulp & Paper Trade Journal.

Q. What issue?

A. January 11th, 1940, "Wisconsin Mills Benefit by Pulp Scarcity:

Appleton, Wisconsin, January 8th, 1940.

Some of the declines noted in the production of pulpwood in Wisconsin since 1937 are being overcome by the scarcity of supply from Canada and the Scandinavian countries. The innovation of prohibition of shipping caused by the European conflict has been a boon to the thirty pulp mills in Wisconsin, and many of them are operating at capacity.

It is still necessary to import large quantities of pulpwood from Canada due to the lack of a sufficient supply from Wisconsin forests, but favourable prices are an aid in keeping the mills on a full-time basis."

That is the story.

Q. May I see that for a moment?

A. Yes.

MR. COOPER: Q. These Wisconsin mills are not dependent on Canadian timber?

A. Oh, yes, they are.

Q. To what degree; to what percentage?

A. Well, I would say of 300,000 or 400,000 cords of wood that we ship out of there, 75 per cent goes to the Wisconsin mills.

Q. What percentage of the total pulpwood consumed by those mills comes from Canada?

A. I cannot tell you that exactly. There are twenty-five paper mills ni Wisconsin within twenty-five miles.

Q. There has been some evidence given that the Canadian contribution by way of supply to those mills is a small percentage of the total consumption?

A. I think there was 300,000 cords of wood from the Thunder Bay District went into Wisconsin.

MR. DREW: The evidence is that 613,000 cords of pulpwood were exported in 1938, which eventually all did not go to the Wisconsin mills, but that is the figure?

A. Perhaps I misunderstood, but a lot of the wood exported from Ontario goes to Pennsylvania, some goes to Michigan; some to New York State. I suggest from the Thunder Bay District that somewhere in the neighbourhood of 300,000 cords goes to Wisconsin mills.

MR. ELLIOTT: What cordage would they average per year?

A. There are mills in Wisconsin which take 3,000 a year and some 200,000 a year.

Q. They average about 100,000 a year.

A. I would say that is a high average. The mills to which I refer in that report are pulp mills and I suggest that they utilize 30,000 or 40,000 a year.

Q. On the average do you not think it would be very much above 30,000 a year; more like 100,000?

A. No; they are small pulp mills.

Q. Assuming it is 50,000 a year, that would be 1,250,000 cords, and that would indicate there was only a small percentage of the pulpwood coming from Canada. They do not get all the pulpwood from Canada. I suppose I am referring to spruce. I would say that a very large percentage of the higher grades of forest products come from Canada. They use a lot of hemlock in those mills in Wisconsin, which is a cheaper material.

Q. The point Mr. Cooper makes is that they only use a small percentage of the total percentage of pulpwood, and the percentage of pulpwood which comes from Canada would be comparatively small. They would carry on just as well if we did not export it.

A. There are large pulpwood stacks there and I think I am safe in saying that 75 per cent of them come from Canada.

Q. The figures indicate they are dependent only on a relatively small percentage?

A. I cannot agree on the higher grades, because many of them use hemlock,

but on the higher grades of paper a large percentage of it comes from the Canadian forest.

HON. MR. NIXON: Is there any poplar used?

A. Hemlock over there, and the hemlock is about equivalent to the hemlock in Ontario.

MR. SPENCE: Q. Southern pine, too?

A. Yes.

Q. We have heard a lot about that also.

A. Yes.

MR. DREW: Q. You have had occasion in your business in connection with this industry to know something of what is going on in Wisconsin. You are constantly in contact with the Wisconsin situation?

A. Yes.

Q. Apropos of the question raised by Mr. Elliott is it not a fact that Wisconsin has at least taken hold of the forestry situation and is placing limits on the cut of pulp logs, and at the present time the amount they can get from Wisconsin forests is definitely limited?

A. Yes, very limited.

Q. So if they were not getting it from Ontario they would have no mill source available?

A. No. To illustrate the point further I know of one concern in Wisconsin which has spent one million dollars in timber in Colorado, expecting to trail that timber across the continent to the Wisconsin mill. That is how short of wood they are in Wisconsin.

MR. ELLIOTT: Q. Have you any accurate figures to indicate the quantities purchased by the Wisconsin Mills from Ontario? You are giving your opinion in more or less round figures?

A. No, I cannot tell you exactly. I have not the figures; but our largest customer is Wisconsin and the next largest is Pennsylvania. I would say between 300,000 and 400,000 cords of Canadian wood found its way to Wisconsin mills the last couple of years. Somewhere in the neighbourhood of 300,000; I cannot say exactly. For years there has been wood taken out on the Algoma Central, shipped down to the Sault by rail and on down into Wisconsin.

HON. MR. HEENAN: To keep the record straight, as the Colonel said, the 600,000 cords which were exported from Ontario last year, or the year before—1938—a great proportion of that came from private lands over which the Crown has no control.

MR. DREW: Of course, on that point, I do not accept the principle that the Crown has no control. I think the Crown has control over every bit of forest area in this country and when it is necessary it passes such amending legislation as is necessary.

THE CHAIRMAN: What Mr. Heenan means is that there is no authority vested in the Crown to regulate export from private lands.

MR. DREW: In the face of my objection a resolution was introduced here the other day which suggested changes in existing statutes which would permit export from areas where it would be limited, and the same legislative power would give us the power to impose restrictions, if we thought it were wise, and I think that should be kept before us at all times in discussion of this subject.

HON. MR. HEENAN: No matter what we do from now on; by taking control; by amending acts of legislation; to take control over privately-owned lands is another question. If you wish to go into the confiscation of people's property by legislation, that is a different thing, but up to the present time my statement stands that the greater proportion of that export of 600,000 cords in one particular year, or two years, came from private lands over which we have no control now.

DOCTOR WELSH: About what percentage?

HON. MR. NIXON: It is set out in the book.

THE CHAIRMAN: You will find that on page 2 up until 1937. You have the statistics on page 22.

MR. DREW: As a matter of fact, Mr. Heenan, your figures are entirely wrong. You said that the majority came from private lands over which you have no control, and the substantial majority comes from Crown lands. If you take the three years of 1936, 1937 and 1938 there is at least fifty per cent from Crown lands, at least about fifty-fifty, taking the excess amount in three years.

HON. MR. HEENAN: You must not forget that is all over the Province of Ontario. That is not in one particular district.

MR. DREW: I was not suggesting that. It was somewhere around fifty per cent anyway.

HON. MR. HEENAN: Yes. We will not argue on that.

BY MR. COOPER: Q. Before you leave the question of export; when you started I think you made a statement that there was always a market for peeled wood in the United States and that there would always be?

A. I imagine there always would be.

Q. Do you not agree with me when I say that this southern pine is becoming a threat to the pulp industry in this country?

A. The southern pine will take a certain amount of trade; there is no question about that; but I think it is quite obvious that we in Northern Ontario are tributary to a market on the Great Lakes. It is inconceivable and incomprehensible how the southern pine can be developed and brought across that lake, and across the continent, by rail, and still compete. It will be a factor; I will grant you that.

Q. We have been told that there are three mills which have sprung up within the last few months, or recent times.

A. We have the timber so accessible and the power so cheap and we have transportation to these great markets; common sense will naturally suggest to you that they cannot compete if they get the pine for nothing and bring it across the continent by rail. It will step into the market; I will grant you that.

I am not so sure that this whole newsprint business is not on the wrong basis. I think it is over capitalized. I do not think our machinery is modern and we are losing our market.

Q. Is that not one argument why we should take advantage of it while the market is there?

A. I cannot agree; but when you see the large amount of wood which goes into the mills and when you see the workmen there working night and day on our product, and when you drive for a few hours and see fifteen mills working in Wisconsin, it seems to me the whole thing is wrong.

HON. MR. NIXON: Q. There is a lot of work of peeling the wood and putting it into bottoms?

A. I suggest we are living in a fool's paradise. The men only work two and a half months in the summer peeling wood.

I heard some evidence given here that it helps relief, but that is not the case. I have been mayor of Port Arthur for seven years and only 10 per cent of the men on relief are pulpwood cutters.

THE CHAIRMAN: Q. Is that not one of the reasons you adopted that policy; to give relief?

A. No; at the time I suggested that policy there were 5,000 men working in the Thunder Bay District at road camps at $5 a month and they were going to be closed down.

Q. What year was that?

A. 1934 and 1935, and I knew with that number of men scattered around that district we were going to have serious labour trouble. There is enough wood exported out of the Port Arthur district to keep 1,000 men working in American mills.

MR. COOPER: Q. There would be a great deal cut off from their livelihood?

A. Yes, and no. A large number of the men who work at peeling wood are transients who do not come from Ontario at all.

Q. There are a lot of settlers who take up pulpwood peeling?

A. Yes; and another thing: the Province does not get the benefit, though. Ninety per cent of the horses which take out this pulpwood come from Western Canada. I suggest there are 4,000 horses in that district which came from Manitoba, Saskatchewan and Alberta.

MR. DREW: Q. They stay there?

A. No; they are shipped down to Quebec. They are used for two or three months and shipped down to Quebec and that district. Ninety per cent of the beef used in this trade comes from Western Canada. Ninety per cent of the pork and butter comes from Western Canada; and ninety per cent of the oats.

MR. COOPER: Q. How can you stop it?

A. I am not suggesting you stop it, but you do not get the advantages in a rough wood operation or on peeled wood that you get out of established mills. By having a mill located at the head of the lakes it is much more effective than shipping out the rough wood.

May I read the comparison?

MR. DREW: As I understand what you are saying, it is this: that it is an illusion to think that this is assisting relief to a very great extent. You are not suggesting that we should keep these things from Manitoba or other places out, but your argument is that this type of employment is not giving many direct profits to the Province of Ontario.

A. Not the benefit that you think.

THE CHAIRMAN: Q. Supposing you had mills there instead of the development of pulpwood for export; surely food and all that would still come from Manitoba and the Western provinces. It would not make any difference.

A. I am not suggesting it would but surely it is better to have a mill and have 175 or 200 satisfied workers in the community than have a few transients working for two months in the summer.

HON. MR. NIXON: Q. Were you here when Mr. Styffe stated that the work on the peeled wood for export was four to one?

A. Four to one?

Q. Yes.

A. That is incredible.

Q. Do you remember the evidence he gave?

A. Why should there be any difference?

Q. In the hand peeling of the wood and loading it into bottoms, as I understand it.

MR. W. G. NIXON: Q. You have criticized or objected to the exportation of wood to Wisconsin mills. If we manufactured and milled at home, are you satisfied the marketing of the wood could be carried out?

A. I think it could be. It is quite obvious that if you continue to export wood on a wholesale scale to foreign mills that there is no possible chance of having the mills locate in Canada.

MR. ELLIOTT: Q. You are working on the assumption that the mill operation would be successful, if it were shipped to U..S.A.

A. I cannot see any other result.

Q. Your whole argument is based on the complete success of the mill operation in Ontario through the shipment of wood to the United States?

A. Pretty much, yes.

MR. COOPER: Q. And the marketing of the product in the United States?

A. And as I pointed out there is something in the neighbourhood of $75,000,000 worth of forest products coming into the United States each year, coming across the oceans and up the rivers and lakes past our door and delivered which could all be made in Canada.

MR. W. G. NIXON: Q. The present policy has been in existence for ten or fifteen years. I am wondering during that period of time why efforts have not been made to establish home industry and manufacture the product at home thereby cutting out this exportation.

MR. DREW: Just before you answer that, Mr. Cox:

That statement should not stand on the record, because that is not correct. In 1931 there were only 860 cords exported from Crown lands. In 1930, 191 cords were exported from Crown lands.

MR. ELLIOTT: The principle involved is practically the same.

MR. DREW: That was the resultant limitation at that time.

THE WITNESS: I do not want to suggest I should correct you, but that statement is hardly consistent with the facts.

MR. W. G. NIXON: I know something about the routine and back of those years we were exporting wood and I think it was good business to do it at that time. A lot was poplar and so on; in giving employment, it was the only market we had. The mills would not manufacture that stuff at home?

A. I am suggesting to you that you are under a lot of misapprehension, that prior to 1933 or 1934 the embargo was not lifted on Crown lands. What you are wrong about has been in effect for the last twenty or thirty years, and it is still in effect. There is nothing to stop the exportation of wood.

Q. That is my contention.

A. I suggest to you that the railroads are losing traffic as the direct result of lifting the embargo on the Thunder Bay District where it is coming from to-day.

Q. If the wood were coming down the line and going across to the other side, what would we do with it now?

A. I can assure you you will not sell any wood in your territory to American mills as long as it is available in the Thunder Bay District, because it will cost you $5 to $10 more to bring your wood to market than in the southern territory.

MR. ELLIOTT: Do you suggest we should restrict the sale of pulpwood from Crown lands?

A. I am not suggesting the entire elimination of the entire exportation of pulpwood. I am suggesting that we should see if we cannot get part of this $75,000,000 worth of business which comes into the United States every year. I suggest if you go over to Wisconsin you will see fifteen or twenty mills working on pulpwood.

Q. If you look back to the years when they practically precluded the shipment of pulpwood from Crown lands there was as much shipped to the United States as there is to-day?

A. From where?

Q. From Ontario.

A. Not from Crown lands.

Q. Take in the year 1938, there was only 810 shipped from Crown lands, but there was 611,000 shipped from other lands. In 1937 there was 242,372 shipped from Crown lands and 270,225 shipped from other lands, so in order to effectively prevent export of pulpwood to benefit our mills, you would have to preclude the shipment of pulpwood from private as well as Crown lands.

A. Yes, and no. Your explanation does not exactly portray the facts. There is plenty of timber on private lands yet which the Province has no right to stop exportation on. I know in the Northland and up in your territory one million dollars was spent in getting export timber in that area on a basis of a dollar a cord. Now it is going to cost them from $5 to $8 a cord to get that wood to the market. Now there is unlimited quantities of wood in that same category, but they cannot get it to the market as cheaply as they can get the accessible timber standing on Crown land to-day.

THE CHAIRMAN: I was going to ask you this question: as a result of the

lifting of the embargo in 1935 have there been any new mills established in Wisconsin?

A. No; they rehabilitated the old ones.

MR. DREW: There have been mills closed down in Ontario.

THE WITNESS: The pulp mill at Port Arthur is not working.

MR. COOPER: Q. When did it close down?

A. It only resumed operations very, very recently.

THE CHAIRMAN: My question was: As a result of the lifting of the embargo that was not the cause of the closing of the mill?

A. I have the comparisons, and you can make this product into ground wood, unbleached pulp, chemical pulp and book paper.

May I read the comparison showing the advantages?

THE CHAIRMAN: Q. Is that a statement you have there?

A. I prepared it myself.

MR. DREW I would like to hear it in detail.

THE CHAIRMAN: I suggest that he read it and then that it be filed as an Exhibit.

THE WITNESS: May I read one?

THE CHAIRMAN: Surely.

THE WITNESS: I am not going to read them all. We have at Port Arthur the Provincial Paper Mill which makes a high grade of paper, and I agree that the mill is limited. They use 65,000 cords of wood a year. We export from that district somewhere between 300,000 nad 400,000 cords a year. Here is the comparison between the two, based on 65,000 cords.

> "The annual revenue from the manufacture of this product to the Dominion and the Province is $3,000,000 of the manufactured product. Shipping it out in the rough state is approximately $500,000."

MR. DREW: You ship the same amount?

THE WITNESS: I am basing this on the amount of wood which this mill used. When you ship the rough wood out you bring into Canada $500,000. When you manufacture it you bring in $3,000,000.

Now, in the mill there is a $600,000.00 payroll, in that Provincial mill; there is a $210,000.00 payroll taking out 65,000 cords of wood. On the rough

wood we have not a $600,000.00 a year payroll, but we have only $200,000.00 in the woods, that is if we have them taking out 65,000 cords of wood.

In the mill there were 435 satisfied mill employees, and numerous technical men and mechanics. And we have 500 men engaged in the woods.

THE CHAIRMAN: Q. How many did you say you had in the mill?

A. 435.

If you are going to continue to export wood, I would like to know what future there is for young Canadians. You have no mechanics; you have no office staff; you have no skilled workmen; and you only have intermittent employment.

MR. DREW: We are getting awfully close to an expression that was well known in this country in 1919, "The cutters of wood and drawers of water."

A. Yes. Now, in the Provincial Paper Mill, as the result of the manufacturing, they pay out annually to the Canadian railways for the handling of their product $312,000.00 a year. When they take out rough wood, there is no return to Canadian railways, because they practically move it all out by vessels, and American vessels at that.

Now, the Thunder Bay mill, the Thunder Bay paper mill pay into our Thunder Bay power system, which has very high costs, $192,000.00 a year. When you take out rough wood there is no power utilized. They pay into the city of Port Arthur $30,000.00 a year in taxes. When you take out rough wood, an ordinary lumber man has not very much plant and equipment, and you only pay taxes for your office—I am one of those.

In so far as Port Arthur is concerned, the peeling of this wood in the summer time has aggravated the situation there, so far as labour is concerned. It is like harvest time in the West. They come there in the summer time and peel this wood, and then go back. There are more men riding on freight trains than there are on the passenger trains.

HON. MR. HEENAN: I do not think you will get anyone on the Committee who will argue against you on that, that the manufacture of the raw material in Canada is much more valuable for our people than is the export of the raw material. However, you have different figures there and I want to try and put another complexion on it.

The number of men having days work and the amount of money arising from the export of pulpwood is a complete gain, because it would not have come into Canada at all if we cannot have the export of pulpwood. In other words the export of pulpwood from your own district has not affected in any way the carrying on of those two mills, the Provincial and the Thunder Bay mills. They have not had to shut down because of the export of pulpwood. Consequently you cannot compare the two. As I say, you cannot get anyone who will argue against you, that if we can get the raw material manufactured into the finished product in Canada, there is nobody in Canada who will argue against

the statement that it would be of benefit for Canada. But if you cannot get anybody to come in and manufacture it, what will you do?

A. My answer would be yes and no, if you cannot get anyone to come in and manufacture it. I would like to take someone into Wisconsin—I have been there many years. Almost all those mills would welcome you with open arms. They say, if you can get a sound basis in Ontario for manufacturing that pulpwood, they will be with us.

MR. COOPER: Q. Do you mean that they would come over here and manufacture that pulpwood on this side?

A. If some arrangement would be made for its manufacture on this side.

MR. ELLIOTT: Q. If you ship pulpwood from Crown lands, you would have to do the same thing from privately owned lands?

A. There is no patented land in Ontario, and the Crown has no right over the wood from patented land. There is no patented land in Ontario—

THE CHAIRMAN: I think what you say is all right, but Mr. Elliott is asking if you would be in favour of the export of wood from private lands?

A. It costs $5.00 more to get that wood to the mills in Wisconsin than it does in Ontario, on account of the inaccessibility of its location.

MR. ELLIOTT: Q. When the American mills were working in Ontario, they must have paid that transportation cost?

A. I suggested to you a few moments ago that I could show you Wisconsin companies which had invested millions of dollars up in Mr. Heenan's territory. It would have cost them between $5.00 and $10.00 a cord to get that wood out to the mill. As long as they can get that wood exported in almost limitless quantities, it is obvious that they will not come up here.

We are taking the choicest wood in the Province of Ontario and the Dominion to supply those American mills.

Q. But there were not 5,000 cords shipped from Ontario Crown lands. If American mills had to pay $4.00 or $5.00 a cord for transportation costs to get that pulpwood from Crown lands, why could not a pulp mill buying timber from Crown lands operate successfully here?

A. We were operating, but there were other things against our mills; perhaps over-capitalization.

MR. SPENCE: The settler does not pay Crown dues?

A. No, he does not.

Q. What are the dues, do you know?

A. They fluctuate. Some limits are $2.00, some $1.00, and some $1.50—there is no set rate for dues.

HON. MR. HEENAN: You see, Mr. Chairman, the reason that we have no control now over settlers' lands, Indian lands, lands which were mining properties prior to 1917 to 1918, or veterans lands. We have no control over Quebec, and if they do not get it from here they could get it from Quebec, Manitoba, or Saskatchewan?

A. Might I interrupt to say that only recently they curtailed the export of wood from Quebec.

HON. MR. HEENAN: They do it another way. A good deal of that land is in settlers' hands, and they buy it cheaper from the settlers than from the Crown. A greater proportion used to go to Wisconsin than goes from here.

For instance, there was a delegation, of which you know yourself, which visited the Government, and not only asked permission to export, not only for one year but for many years, and promised the Government, or at least advocated to the Government that if we could cut down the price of our spruce we would be able to get more customers; that we had to coax customers to come to our mills now.

A. Yes, and no. Answering Mr. Elliott, there is still a lot of wood which could come from patented lands in Ontario, which the Crown has no authority to prohibit. But there is this to be said about it, that the export wood is getting near the end all the time. The export wood available in Ontario patented lands is only a small percentage of what is secured from Crown lands.

MR. ELLIOTT: There are great areas of new pulpwood coming along now, and you would be surprised if you learned about the timber operations by the settlers in northern Hastings, Haliburton, and that district.

MR. DREW: I hope Northern Hastings will not be setting us an example, because there is no worse example than there.

MR. ELLIOTT: That was years ago. But there are large quantities cut in there and ready to ship by rail. Similarly in Haliburton there are areas developing in pulpwood every year, in quite substantial quantities. And the settlers there would not stand for any restriction on its shipment.

THE WITNESS: Is there any pulpwood being cut down there?

MR. ELLIOTT: Up to a few years ago there was a pulp mill in Frankford, and all of their wood came from North Hastings. And there is quite a lot of pulpwood shipped from there and from Central Ontario?

A. I would suggest that the amount you are referring to is rather small, comparable with the holdings in Northern Ontario.

Q. It is not an unusual thing to see a man go out and buy up 4,000 cords

of pulpwood to be shipped from one station to another. I know of a fire loss a few years ago of 4,000 cords?

A. You can walk in Northern Ontario almost as far as from here to London and not see a white man, all forest. There is nothing in the area to which you refer which can compete with that for accessibility.

MR. ELLIOTT: Do you know that in Peterborough County there is one license there on 25,000 acres? There has been nothing cut on those limits except pine for over thirty years. They are operating there taking out a million to two million feet a year.

HON. MR. NIXON: Might I suggest that we allow Mr. Cox to get through?

WITNESS: Since it is rather fashionable to bet hats, I'll bet you a new hat that you cannot sell any of that wood to Wisconsin mills.

THE CHAIRMAN: We had better proceed with what Mr. Cox wishes to present to this Committee.

WITNESS: I want to say something about fires. Fires are a major problem in Northern Ontario; and, contrary to general opinion, fires are nearly all man-made. Some are started by carelessness, and some by ulterior motives. And in many cases our fire fighters are fire lighters.

MR. ELLIOTT: A lot of pulpwood, I refer to—

THE CHAIRMAN: Oh, please, Mr. Elliott, let Mr. Cox go on.

MR. W. G. NIXON: I think, Mr. Cox, that 80 per cent of the area lies in Northern Ontario and only 20 per cent down here?

WITNESS: Perhaps I might suggest a little further that it is like the tail to wag the dog.

MR. DREW: I think we might allow Mr. Elliott and Mr. Cox to carry on their discussion at some other time.

WITNESS: Fires are our greatest menace, and as I said, they are nearly all man-made. A few years ago it was much more lucrative to set out a fire along some good fishing stream than it was to work at some dusty road camp at $5.00 a month. I would suggest that some investigation should be made into our forest fires.

Prior to fifty years ago it was evident that fires occurred very rarely. It is only a matter of time, ten, thirty-five or fifty years, until that whole territory up there will be as bare as the Sahara Desert. It not only burns the forest but also the soil. Something should be done. We should have more modern methods.

When I was in Europe there were similar conditions. A few men can put out a fire when it first gets started; but a few thousands cannot stop it when it has been going a day. In Europe they had chemical means to extinguish fires.

THE CHAIRMAN: Which country do you refer to?

A. Russia. In Austria there was a similarity of conditions. I am trying to point out that you can put out a fire within a few hours, which you cannot put out if it is allowed to go on a few days.

HON. MR. NIXON: Do you suggest that the forest fire patrols are not effective in the North country?

A. No, it is not effective.

THE CHAIRMAN: Did you have a few fires in the last few years?

A. Yes, we always have fires.

Q. Any bad ones?

A. Last year it rained all year.

DR. WELSH: Q. Have you any idea how many square miles of timber would be destroyed?

A. I would say that half of that has been burned over. There was a fire apparently up there about two hundred years ago, and this is all second growth timber.

HON. MR. NIXON: Q. Is not the burning of the slashing one of the greatest menaces?

A. Yes, it is a menace. But a fire will start back of Lake Nipissing miles from the railway, where there is not supposed to be anybody but trappers and Indians. There should be a way of getting at a fire within a few hours after it starts; for nobody can stop it after it has been going a day.

DR. WELSH: Are there not a tremendous number of fires started by electric storms?

A. I think that is greatly exaggerated. Lightning has been going on for a long time.

MR. DREW: Lightning usually comes when it is raining, which is not a good time for a fire to start.

A. I do not accept the theory at all that fires are started by lightning. Up to fifty years ago there were very few fires. Standing timber is very much the same age. Since we got the sufficient fire protection, the whole country is burning up.

Q. You do not suggest, Mr. Cox, that we should do away with the present fire protection?

A. I do not believe there would be so many fires. Look at what we spent:

in 1928, $58,132.00; in 1929, $69,978.00; in 1930, $236,719.00; in 1931, $272,756.00; in 1932, $196,881.00; and in 1933, $151,000.00 odd.

Now, staggering as those figures may seem, they are insignificant when compared with the losses resulting from the depletion of the forests by reason of fire, which destroys even the soil. As to the inducement to put out fires, I want to give you an illustration of the financial reward as a result of a fire, in my opinion. I want to show you how that works out.

MR. ELLIOTT: Q. Mr. Cox, it would not make any difference how many millions of dollars you spent on fire protection, you would have to make the operators clean up and burn the slash?

A. I do not believe in burning the slash. Every time you do that you destroy the fertilizer for the forest. In time you burn the forest and you burn the growth, and nothing comes up but the natural woods, and I call birch a natural wood. Every time you cut the forest, it renews itself.

Let me illustrate that. Back some years ago the Pigeon Timber Company owned a limit on Onion Lake.

HON. MR. NIXON: So they have onions up there too!

WITNESS: We are getting fashionable. The Premier grows onions.

MR. DREW: Everything seems to be upset this morning. We have forestry in Hastings and Haliburton, and onions in the North country.

WITNESS: The Pigeon Timber Company had an aeroplane valued at $35,000.00. According to the records of the Department, they employed it on the basis of $35.00 an hour. The idea was to put out these fires. I suggest that is pretty good business.

MR. COOPER: What year is that you are referring to?

A. I have forgotten the year.

Q. It was not in the last five years?

A. No. I am only pointing to the system.

Now, when the timber was supposed to be burned, they represented that the dues should be reduced to 50 cents a cord. The dues, I understand, were reduced from $3.00 to 50 cents; and according to the records of the Department some hundreds of thousands of cords of wood were cut, at a cost for dues of 50 cents a cord. And that made a saving to the Pigeon Timber Company of some $200,000.00 odd, and a loss to the Province of the difference. I suggest that lumber men are virtuous enough to take advantage of a thing of that kind.

MR. COOPER: I did not understand that.

A. The original dues on the timber was $3.00 a cord. As a result of the

fire they asked for and got the dues reduced. Then they cut a hundred thousand cords of timber at 50 cents a cord; and they saved $285,000.00 as a result of the fire.

Q. Was that ever reported to the Department, to your knowledge?

A. It is a matter of record in the Departmental files.

MR. COOPER: I understand the witness to say that this timber was supposed to have been burned, but actually was not burned—is that correct?

A. I will say something on that later.

HON. MR. NIXON: Of course you appreciate it is a very serious crime to set out a fire?

A. But you cannot catch them.

HON. MR. NIXON: Oh, yes, we have, and I understand we have a standing offer of $1,000.00 for the arrest of a man setting out a fire. Do you suggest it should be made $2,000.00?

A. Or land them in jail. It was a great racket in Northern Ontario a few years ago. A farmer would set out a fire and get all his neighbours out to put it out, and get them on the payroll.

MR. SPENCE: I object to that statement.

MR. W. G. NIXON: You are not talking about Temiskaming?

A. No, I am talking about the district where I live, in Port Arthur. I have here an examination in the Supreme Court of Ontario, an affidavit taken under oath, and the man who took the affidavit says this wood was intermingled and the green wood was mixed with the burned in order to deprive the Government of its just dues. I suggest this document will answer your question.

MR. DREW: Q. Just what is the point there, Mr. Cox?

A. This is an affidavit on discovery.

THE CHAIRMAN: Is the man still alive who made it?

A. Yes, he is alive, of course.

MR. DREW: I was trying to get the idea of what this is related to?

A. It related to the mingling of the burned wood with the green wood to save the cost of the dues. There was $275,000.00 saved.

Q. When did that happen?

A. In 1934 or 1935, along about there. I have forgotten the date.

HON. MR. HEENAN: In other words, Mr. Chairman, the policy of the Department is to do the same thing as they have been doing. If land is burned over, the fire which runs through it makes it less valuable timber. The question is, can the wood be salvaged? If it is not salvaged within a short time, the wood is a complete loss. And the Department asks the man to go in and salvage that timber in the first year.

Now, if there is any green timber intermingled with the part that is burned, he is permitted to take it off at the same price. If, however, there is a cluster of green timber anywhere, he is charged at the regular price. It is a salvage system. I am not quite sure whether I understand Mr. Cox or not. He says that on this area there were vast amounts of green timber taken which should have been paid for at the regular price, instead of at the 50 cents a cord?

WITNESS: That is right. There are some practices in Northern Ontario that lead one to believe that everything is not just as it should be, in addition to those. I have an auditor's report here of a company which is operating under The Ontario Companies Act, and in this report I see that there are allegations of election contributions, $1,000.00; and the statement is made that someone was greased.

MR. DREW: What is this that you are referring to?

A. It is something that makes the wheels go around. According to the auditor's report on this, it is given—

MR. DREW: Q. You are reading from a grey covered paper, and as a matter of record, I think you should indicate what it has reference to?

A. According to the auditor's statement, made by a certified public accountant, in regard to the affairs of a company operating in Northern Ontario.

Q. What company?

A. The Arrowland and Logging Co., in Northern Ontario.

MR. ELLIOTT: Q. What period does it cover?

A. I think it is 1930.

MR. ELLIOTT: I think you should show the statement to the Chairman.

A. I will give the statement to the Chairman. Anyway, it is marked "grease."

THE CHAIRMAN: Just a moment.

MR. DREW: As far as I am concerned, Mr. Chairman, I certainly have no objection to any evidence being introduced here, if there is anything that the witness can throw light on which you think would be of help. If there is anything that the witness can throw light on, we should have it. But I notice that the report to which the witness refers is one prepared by one Katzenbach from Wausau, Wisconsin. I think we should have Mr. Katzenbach here.

THE CHAIRMAN: I think your point is well taken. In law, such a report would only be introduced by the person who made it. I do not think we could admit that here, Mr. Cox.

WITNESS: That is all right. I was only trying to say what had transpired. I am nearly at the end of my statement. I am suggesting that there should be a sound Commission appointed to recommend policies.

MR. COOPER: Mr. Chairman, was there some part of that document read into the record? I understand that there was something said about a thousand dollars.

MR. DREW: "Grease"—I would like to see that.

MR. SPENCE: Have you the one from Fort William?

A. I guess it has got away from me. It is greasy.

MR. ELLIOTT: Might I see it, Mr. Chairman?

THE CHAIRMAN: Yes, just a minute.

HON. MR. NIXON: This is not a court of law, Mr. Chairman. The document has already been produced and considerable of it has been read already into the record, and taken in the Press; and in an investigation of this kind the witness takes the responsibility of what he says here; he has no protection at all.

I think it would be a mistake to keep anything out which is already in the record, or anything should be expunged.

MR. DREW: I agree with Mr. Nixon, and I suggest that it should be retained by the Committee.

DR. WALSH: I think the Chairman should pass it around over here.

MR. ELLIOTT: The Chairman seems to be enjoying it.

MR. COOPER: It is surely not going in for the truth of the statements.

MR. DREW: Oh, no.

THE CHAIRMAN: Before we leave this, Colonel, I do not think myself that this should go in; but if it is the opinion of the Committee that it should, I will be over-ruled graciously.

HON. MR. HEENAN: I do not know what it is.

MR. DREW: The statement has been made that here is a record, produced out of the blue, in regard to a Company,—I do not know whether it is in existence or not,—made by a man named Katzenbach, of Wisconsin, and a reference is made to $1,000.00 for campaign contributions; and another to a subject of "grease" in brackets. And the thing is that, as far as I am concerned, I think that this

really should be on record as one of the amusing entries in this, because I see in regard to that particular entry by Mr. Katzenbach, "the campaign contributions of $1,000.00 are of an unusual character or at least they appear unusual to me for a United States corporation, although it may be ordinary for a Canadian corporation."

I really think we should have Mr. Katzenbach here.

MR. W. G. NIXON: I think, Mr. Chairman, we should demand an explanation.

THE CHAIRMAN: From Mr. Katzenbach.

MR. COOPER: We cannot bring him here unless he wishes to come.

HON. MR. HEENAN: While the gentlemen at the table are enjoying themselves I would like to ask Mr. Cox a question.

MR. DREW: Pardon me. I think, to keep the sequence clear, that this should be down, that as far as this Committee is concerned if there is anything which will throw any light upon the methods of administration, by all means let us have them in. But it is perfectly obvious that the only man who can throw any light on this is Mr. Katzenbach or somebody connected with that company.

MR. COOPER: I notice that this report is dated May 10th, 1927.

MR. DREW: I am not concerned with the date or the Company or anything else. But it is the method of introducing the evidence. I would say that there is an old legal expression which, for that reason, will probably be objected to, *Res ipsa loquitur.* The meaning of it is that the thing speaks for itself.

I would say that the whole value of this document speaks for itself when we have that reference to the purity of the business methods of American companies, and that Canadian companies have devices, ways and means of their own.

MR. ELLIOTT: Mr. Chairman, there is another rule of law that when a document reaches a certain age it becomes prima facie evidence of the facts therein stated!

THE CHAIRMAN: Now, gentlemen, what about this document?

MR. DREW: It should go in as an exhibit, as it has been referred to.

THE CHAIRMAN: Exhibit 23, Evidence upon examination in Arrow Land and Logging Company, Limited, by Brown Capabaugh, of Wausau, Wisconsin.

EXHIBIT No. 23—Filed by Mr. Cox: Evidence upon examination in Arrow Land and Logging Co. Ltd., by Brown Capabaugh, of Wausau, Wisconsin.

HON. MR. HEENAN: Mr. Chairman, before you get away, may I ask a question?

Q. I presume you reported that to the late Minister, about the mixing of the timber up there?

A. I had considerable correspondence with the late Minister about it.

Q. Do you know whether it was investigated or not?

A. I do not think so.

I quite realize that my remarks are of a critical nature, although this is not the first time I have criticized the handling of our natural resources, and I presume my statements will be met again with personal abuse. It is of little concern to me what may be said in this regard against me, but it is important that those who endeavour to belittle and besmirch my character should not be permitted to befog the real issues.

MR. DREW: I would say that no one has besmirched the witness's virtue. The only thing is that the witness has stated that he has not very much faith in timber operators.

THE WITNESS: It is the future to which we should look. The past is gone. I am positive that great opportunities for development have been and are being lost. This problem affects not only the Port Arthur district, or even the Province alone, but it is a national one. Had sound business principles and honesty of purpose been followed in years gone by, Canadians would now probably be enjoying a greater measure of business prosperity, and our best customers would not have been driven, as they have been in many cases, into southern and other fields for their supplies. Neither can the problem be solved in this committee room. Only through visualizing the North can one comprehend the great benefits which would accrue from the developments of our natural resources on a proper and businesslike basis.

There should be a sound Commission appointed to recommend policies. May I suggest that a Committee headed by the Premier and the leader of the Opposition, and including an economist familiar with the industry, a leader in the industry, a representative of the financial world, and a representative of labour, come to Port Arthur, which is the heart of the timber industry, and make a thorough study of the situation, and upon the basis of their findings to formulate a constructive policy for the future handling of these resources to insure the maximum of benefits accruing to the people.

Let me suggest that more revenue could be secured by additional stumpage on export wood. If we continue to export the same quantity from this district, having regard to the past value of export wood, at least $100,000.00 more could be collected a year for the Department. And if such a Committee as I have suggested would come to the North country,—and I extend the invitation to that Committee and to this Committee,— I would be quite willing to bear myself the cost, in the hope that some policy may be inaugurated as a result. The cost may vary from $5,000.00 to $25,000.00 depending upon the length of time you want to investigate. I would be perfectly willing to assume that, in order that you might come North to visualize its possibilities for yourself.

THE CHAIRMAN: Thank you, Mr. Cox.

Mr. Johnson, we have now about twelve or thirteen minutes left, so if you want to start your evidence this morning, we will hear you.

MR. JOHNSON: I would prefer not, Mr. Chairman. There are one or two men from Port Arthur, and the time is too short, if you do not mind.

THE CHAIRMAN: If you would rather wait until to-morrow morning?

MR. JOHNSON: Yes, Mr. Chairman.

THE CHAIRMAN: The Committee will adjourn until to-morrow morning at 10.30.

MR. COX: I want to thank you, gentlemen, for hearing me.

(At 1.00 p.m., Thursday, February 22nd, 1940, the Committee adjourned until Friday, February 23rd, 1940, at 10.30 a.m.)

NINETEENTH SITTING

Parliament Buildings,
Toronto, Friday, February 23rd, 1940.

Present: Messrs; Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Welsh.

THE CHAIRMAN: Before we proceed with the examination of the next witness, I want to protest against reports of yesterday's Sittings of this Committee which appeared in different editions of the Toronto Daily Star yesterday afternoon.

The first edition I had come to me is the Home and Sporting edition, and on the front page the report reads as follows,—I will not read the whole of the report but just the matter which is relevant:

> "There are some practices in Northern Ontario which lead me to believe everything isn't as it should be, the former Cabinet Minister said, as he produced the auditor's report which contained his charges of 'grease and graft'.
>
> "What is this? asked Col. George A. Drew, Conservative leader.
>
> "Grease is some thing used to make the wheels go round, Mr. Cox replied amid laughter," and so on.
>
> "The Opposition leader commented that the report in question was prepared by a Wisconsin Editor named Katzenbach and was dated 1927."

In the Financial edition, the paragraph in which the date of the report was set out has been deleted and another paragraph has been inserted, reading as follows:

" 'You will note,' read Cox, 'that there has been little change in the administrative personnel which deals with timber matters, and iniquitous deals of colossal magnitude have been perpetrated during their tenure of office. We should have a complete change of departmental administration and place this industry on a sound business basis. Remove the political toll gates, thus securing for the people the benefits to which they are entitled.' "

I have looked again this morning at the evidence given yesterday by Mr. Cox, and it confirms my memory that no such thing was said yesterday before this Committee. I do not remember enything having been said about toll gates. This is a most unfavourable report of what happened.

HON. MR. HEENAN: Here is another one, Mr. Chairman, in the Toronto Telegram of February 22nd, I may say that the whole thing is garbled up in such a way that it is pretty hard to check; but you can check some of the statements given in here, which were not mentioned yesterday. The names of these companies were not mentioned yesterday in the evidence: "Hammermill Paper Co., Erie, Pa; Mekoosa-Edwards Paper Co., Mekoosa, Wis.; Kimberley-Clark Co., Neenah, Wis., is set out in appendix No. 14 beginning on page 93 of the Report of the Minister of Lands and Forests of Ontario, for the year ending March 31, 1938. The first contract is appropriately dated December 24, 1936, at the height of the gift season; for probably no more shocking contract has ever decorated the files of the Department."

Here is another statement that I do not find in the evidence:

"As a concrete example of such an abuse, I have here an examination for discovery"—now, he said some of this but not all,—"in the action in the Supreme Court of Ontario under date of July 30, 1938: Pigeon Timber Company, Ltd., v. Leonard Makin et al, the defendant in his evidence under oath on his examination for discovery alleges that the quantity of wood cut was underscaled; that green and burnt wood were mixed in order to deprive the Government of rightful dues; that Department records were altered to misrepresent the scale, and that Government scalers were handed money for an obvious purpose. All of these actions had the effect of defrauding the Government."

And here is another one:

"Also a policy which permits one E. E. Johnson, of Port Arthur, president of the Pigeon Timber Co., and interested in the Arrow Land and Logging Co., Ltd., to sell settlers' and other clearances which have already been used once to another company, viz., Newaygo Timber Co., Ltd., for $25,000.00 to enable it to export wood cut on Crown lands, is clearly improper. Such a transaction did take place."

Now, Mr. Chairman, I would like, as one member of this Committee, to protest against this method of doing business.

THE CHAIRMAN: I have not seen that paper, Mr. Heenan.

HON. MR. HEENAN: It is quite a job to check this. It says it was in a brief

handed to the Committee. I did not see any brief handed to the Committee. If it was, it should have been marked. The report reads:

> "In his brief submitted to the Committee, Mr. Cox said from his intimate knowledge of the district surrounding Port Arthur, 'I can say without hesitation that it is highly desirable that some improvement and some changes in policy be made in the handling of our forest resources." And so on and so on. So that it is evident that there is a brief somewhere.

THE CHAIRMAN: Mr. Drew, did we have a brief from Mr. Cox?

MR. DREW: There was no brief that was handed to the Committee.

HON. MR. HEENAN: As an old politician, I was glad to see this come out, "$1,500.00 grease."

According to the report which came out yesterday,—I have not seen that auditor's report, it is so gray and hoary that it would have bugs in it somewhere. I think the whole policy of the Committee is wrong to allow somebody to come on the stand here and give evidence, "And it is rumored," "It is thought," "It is my opinion," and then to produce some worn-out document like that, made by some Katzenjammer Kid in the United States, which says something was paid to grease somebody, but does not say whether it was paid in Canada or the United States, or whether it was Provincial, or Dominion, or what it might be. To have that splashed across the page of the newspaper does not add dignity to the inquiry.

I expected that sort of thing might be coming. There will be one, at least, more men of the same mentality appearing here, who will try to make it appear that there has never been an honest man in the whole forestry administration of this province for years back. And it is all on hearsay, "I heard," "I saw," "I believe," and so on, I do not think it adds to the dignity of this Committee.

I want to say, in respect to this "grease" or whatever it was called,—it must be darned greasy now,—it was supposed to be in some audit report in 1927 which was long before my time.

I want to say that the Arrow Land and Logging Co. Ltd. was not doing business on Crown lands in Ontario at that time; so that it could not be any provincial employee that was given anything, because they were not doing business on Crown lands.

THE CHAIRMAN: We had a witness here before us, and members of the Committee were free, and it was their right, to cross-examine him on any statements made here.

The Star and Telegram, two newspapers which have a very large circulation not only in Toronto but in the rest of the province, have printed statements that were not made by the witness; and that is all I want to protest against.

After all, if they wish to secure an interview from a man who has given evidence here and want to print statements other than those given in evidence,

that is their right. But they should not make it appear that it has been given in evidence before this Committee.

HON. MR. NIXON: And statements which were serious, and made against citizens of this province.

MR. DREW: They are not privileged, and are certainly actionable, because they were not spoken here.

While discussing that subject, I want to make a comment about the method of reporting. I have had no occasion to criticize the method of reporting, but I do want to point out that the manner in which the report was given leaves an impression which is not at all consistent with the remarks that I made.

THE CHAIRMAN: Is this what you mean?

HON. MR. HEENAN: Mr. Chairman, before we leave this, is there no way of recalling the witness to find out where he got that auditor's report, whether it was obtained in the regular way, or whether he found it on a street corner, and what it cost; or whether it is a proper report or is just an imaginary one in somebody's mind? Surely there ought to be something of that character ascertained.

DR. WELSH: I am not a lawyer, but Mr. Cox was under oath, and surely he would take the responsibility for his statements.

HON. MR. HEENAN: He did not make those statements.

DR. WELSH: He would surely take the responsibility for them.

THE CHAIRMAN: The members of the Committee had the opportunity of cross-examining upon the report. That was not done.

MR. DREW: I merely wanted to point out that in referring to my suggestion that this report be placed on record, it is recorded that I said that this should be placed on record as something amusing.

After all, I recognize perfectly well the necessity of condensing all the things that are said in an inquiry of this kind, but I made it perfectly clear that what I was referring to as amusing was the entry in that report which said this, and these were the words, which can be found on page 837 of the stenographic record. The thing that I found amusing was the entry in this report, made under circumstances which I cannot describe, by a man, an accountant named Katzenbach, and the words were,—I quote from the official record of this Committee, "The campaign contributions of $1,000.00 are of an unusual character or at least they appear unusual to me for a United States corporation, although it may be ordinary for a Canadian corporation."

Now, that was what I found amusing, because nothing could be more amusing than a suggestion of purity or piety on the part of a Wisconsin paper company, as compared with Canadian companies. And that is well known to anybody who has ever had dealings with them.

THE CHAIRMAN: That is what you said.

MR. DREW: I want to make that clear, and I think the Press should make that clear. I did not at any time refer to suggestions of impropriety in connection with the operations of this Department as amusing. I think the suggestion is anything but amusing. It is extremely serious and should be dealt with in that way. But the official record of this Committee makes quite clear that I was referring to the entry as to the American companies, as compared with Canadian companies, was highly amusing.

THE CHAIRMAN: I have received two telegrams, as follows:

"Fort William, Ontario, February 22nd, 1940:
Hon. Paul Leduc, Minister of Mines, Toronto, Ontario.

Mr. E. E. Johnson of the City of Fort William authorized to represent City at the Timber inquiry being held in Toronto.

(Signed) C. M. Ross,
Mayor."

The second telegram come from Mr. C. E. King, Secretary, of the Port Arthur Industrial Commission, and it is dated Port Arthur, Ont., 22nd February:

"Hon. Paul Leduc;

Chairman, Provincial Timber Inquiry.

Parliament Buildings, Toronto.

Owing to Press reports of statements made at the Timber Inquiry to-day the Port Arthur Industrial Commission hereby request that they be permitted to have a representative appear before the Inquiry Commission in order to present facts which they believe should be brought to the attention of the members of the Committee of Inquiry Stop. Please wire reply to the undersigned."

I would suggest that we deal with this telegram in turn, when we might discuss it.

HON. MR. HEENAN: So that we may have things made clear, as they come along in sequence: At page 838 of yesterday's proceedings, I said this:

"Hon. Mr. Heenan: Mr. Chairman, before you get away, may I ask a question?

Q. I presume you reported that to the late Minister about the mixing of the timber up there?

A. I had considerable correspondence with the late Minister about it.

Q. Do you know whether it was investigated or not?

A. I do not think so."

Now, Mr. Chairman, I ordered my deputy, because I have had occasion to deal with complaints by Mr. Cox about this, while I was in office; and I ordered my deputy to bring whatever correspondence and reports he had in connection with this, and he has brought them here; and I think we should settle that matter before we go on any further.

THE CHAIRMAN: Do you want to recall Mr. Cain?

HON. MR. HEENAN: Yes, Mr. Chairman.

THE CHAIRMAN: All right, Mr. Cain.

WALTER C. CAIN, recalled:

Hon. MR. HEENAN: Q. Mr. Cain, you were not over here during yesterday's proceedings, but in a general way, I do not think I need read the evidence. Mr. Cox made a slashing attack on the Onion Lake area, which had been burned over, and that the company operating on there had got the price of the stumpage reduced from $3.00 a cord to 50 cents, I believe, and that the company went in and cut a vast amount of green timber and sold it to another paper company, with the reduced price, at a higher price. You have heard all this before many a time, I am sure. I want to know if you recall the report that was made to the Minister or to the Department, and whether or not there was any investigation made of it?

THE CHAIRMAN: Before you answer that question, may I ask this, Mr. Cain.

Q In the evidence yesterday, Mr. Cox was asked by Colonel Drew:

"Q When did that happen?"

And the answer was "In 1934 or 1935, along about there."

Q. What is the exact date of the year?

A. The fire which was the basis of a readjustment of prices was in 1930, although there had been two or three small fires the year prior to that. And inasmuch as the officials and the administration of that day have been impugned in the evidence in the papers, I do feel, for the purpose of the record, that the major material, as requested by my Minister, should be put in in respect of that.

THE CHAIRMAN: Mr. Cox said "this took place in 1934 or 1935, about there. I have forgotten the date."

A. In the first instance, I would like if you will give me an opportunity of making a copy of the blue print which I have before me, and which was submitted to the Department in 1930, immediately following the big fire.

THE CHAIRMAN: That will be Exhibit 24.

EXHIBIT NO. 24—To be put in: Blue print submitted to the Department in 1930, immediately following the big fire.

MR. SPENCE: Q. On the Onion Lake area?

A. Of the Onion Lake area, yes.

Now, under the direction of my late Minister, Mr. Finlayson, I wrote a number of companies or individuals who were affected not only by this fire but by other fires elsewhere; and the Pigeon Timber Company having been the holders of this area, which was a consolidated area of a number of smaller ones that had been sold in 1925, 1928, 1923 and 1922, and so on, on which areas the company had operated prior to the fire under the original conditions of sale, we notified the Pigeon Timber Company under, as I say, the directions of my Minister, Mr. Finlayson, and this is the letter of notification:

"Toronto, August 12th, 1930.

Re Fires—1930

"Gentlemen:

I am given to understand that during the recent summer fires your Onion Lake Limit and timber in the Current River Valley, were considerably damaged by fire and that it is essential some steps be taken forthwith to salvage as far as it is humanly possible such portions of the timber as should be taken out this coming season, and for that reason I, immediately upon my return to the office, after being away a month, feel called upon to write you and urge upon you the desirability of taking preliminary steps to do as I suggest.

Will you please be good enough to acknowledge receipt of this letter and let me know to what extent you have already brought about any organization to carry out the wishes of the Minister in this regard.

The final detailed report of quantities damaged and the area covered have not been submitted to the undersigned by the Forestry Branch of the Department and consequently I am not in a position to give you sufficient detailed instructions relative to what should be done in the effort towards salvaging this season.

I am, however, sending by this mail to the Crown timber agent, Mr. J. H. Milway, a blue print which the Deputy Minister of Forestry has furnished showing outlined in red the areas covered by the fires,—this map including Onion Lake and Dog Lake along with McKenzie River fire.

By calling upon Mr. Milway you will be able to see this sketch and get some idea of a general character as to the area reported thus far as having been burned and in such a position as to warrant the Crown in asking you to take the necessary course to salvage the timber.

Yours truly,

Deputy Minister."

I remember the negotiations which followed that.

The first basic document subsequent to that is an Order-in-Council dated September 23rd, 1931, which reads as follows:

"The Committee of Council have had under consideration the report of the Honourable the Minister of Lands and Forests, dated September 23rd, 1931, wherein he states that the Pigeon Timber Company are the licensees of certain timber limits in the vicinity of Onion Lake, District of Thunder Bay, as shown in green on attached map and described as follows:—

Area in the vicinity of Onion Lake North of the Township of MacGregor, 13½ square miles; area North and West of Onion Lake, 55 square miles; area North of MacGregor Township and East of Onion Lake, 65 square miles.

These limits and also adjacent Crown territory shown in red on attached plan, were overrun by fire in 1930, the greater part of the area being burned. Last season the Department fixed a rate and allowed the Company to cut this burned timber at fifty cents per cord for pulpwood and ten cents each for railway ties on condition that the cutting be done under the Department's direction.

The Company now states they secured sufficient material from their Onion Lake Limits and we were unable to cut on the adjacent Crown lands last year but that this year they will be able to cut a considerable amount on the adjoining Crown lands which have been burned over and will agree to take at least 50 per cent of cutting from the burned over Crown area. If this concession is continued to the Company for this year they agree to employ 500 men from the 15th of October to the 1st of February and 250 men from then until the break-up and later on, at least 50 men in driving, sorting and towing on the Great Lakes until delivery of the wood to The Great Lakes Paper Company mill during the summer of 1932.

In respect of the price to be paid for green timber, the Company contends that last year it cost just as much to cut the isolated small patches of green timber and they were mixed in the drive and were sold at the same price as burned timber.

This year the Company has a contract with The National Trust Company on behalf of The Great Lakes Pulp and Paper Company and they are giving the same price for the small lots of green timber as larger ones of burned timber. The Company states that there are only small patches of green timber on the burned area, that it all has to be handled in the same way, driven in the river in one drive or block, delivered to the Company as mixed, and the price received from The Great Lakes Company is all the same.

It is important that as much burned timber as possible be cut, in addition to which, at this time of depression, it is very desirable to have this number of men employed in the Thunder Bay District.

The Minister, therefore, recommends that the price at which the Company was allowed to cut last season 50c per cord for burned timber and 10c per tie, be approved and that the concession be continued for the coming

season, allowing the Company to cut burned timber on the Onion Lake Limits of the Company and also on the adjacent burned area at the same prices. Also that the Company be allowed to cut the green timber remaining on these areas subject to a price to be fixed by the Minister following a report to be obtained on the facts and having regard to all the circumstances. Any cutting upon the Crown area to be under the supervision and direction of the Crown Timber Agent.

The Committee of Council concur in the recommendation of the Honourable the Minister of Lands and Forests and advise that the same be acted on

Certified,

HORACE WALLIS,
Acting Clerk, Executive Council."

MR. CAIN: Then follows another Order-in-Council of October 30th, 1931.

"The Committee of Council have had under consideration the report of the Honourable the Minister of Lands and Forests, dated October 27th, 1931, wherein he states that during the seasons of 29-30 and 30-31 ravaging fires spread over certain limits in the Thunder Bay District in the vicinity of Onion Lake held by the Pigeon Timber Company, so much so that practically all the timber has been damaged and operations must necessarily be limited, as they were last year, to salvaging, as far as it is humanly possible, such portion of the timber as can be taken out and marketed.

"The Company have maintained that, inasmuch as eighty to ninety per cent of the area had been overrun during the last two years, they should not have been charged with the ground rent and fire protection charges amounting to $11.40 a square mile over the four limits comprising one hundred and forty square miles, these limits being known as

(a) East and North of Onion Lake, 65 square miles.
(b) North and West of Onion Lake, 55 square miles.
(c) East of Onion Lake, 13 and a half square miles.
(d) North of MacGregor Township, 5 and a quarter square miles.

The ground rent and fire protection charges having been paid and the ledger accounts for the past two years closed it was not considered advisable to open the question of any refund, but having regard to the entire situation and to the fact that the Crown will be more advantageously situated by making some provision for the continued salvaging of the timber, the Minister recommends that hereafter, until the salvaging operations have been completed, the area upon which ground rent and fire protection charges are to be levied should be only about ten per cent of the area, or fifteen square miles of the limits.

Since the timber was so badly damaged and the difficulties in taking it out were enhanced and it was impossible from an economic point of view to cut and deliver wood and ties at the prices originally covered by contract it is deemed advisable that the charges upon the green pulpwood taken out

in the operations last year amounting to only 1755 cords out of a total of over 20,000 cords should be charged at the flat rate of the burnt material, namely 50 cents a cord, and that the rate of 15 cents a tie should obtain with respect to the green ties that have been taken out and charged at 20 cents each.

The Minister further reports that a large area in the Crown immediately adjacent to the above mentioned limits was also overrun by fire in connection with the same conflagration, and as efforts should be made towards cleaning up the damaged timber thereon it is considered in the public interests that arrangements be made with the Pigeon Timber Company whereby they be permitted to operate over this burnt area, comprising some 205 square miles, without paying the ordinary ground rent and fire protection charges, and be charged for the material taken out at the same rates as will obtain on those limits generally known as the Onion Lake Limits and hereinbefore referred to.

The Minister further recommends that the conditions laid down in this recommendation be related to and form part of those contained in the Order-in-Council dated the 23rd of September, 1931, covering the same subject matter.

The Committee of Council concur in the recommendation of the Honourable the Minister of Lands and Forests, and advise that the same be acted upon."

MR. CAIN: Then a further Order-in-Council dated January 12th, 1932:

"The Committee of Council have had under consideration the report of the Honourable the Minister of Lands and Forests, dated January 8th, 1932, wherein he states that under date of the 30th October, 1931, the Pigeon Timber Co. Limited, through Order-in-Council, was granted the right to cut ties and pulpwood at prices fixed by said Order-in-Council, on the Onion Lake Areas, comprising,—

(a) East and North of Onion Lake, 65 sq. miles.
(b) North and West of Onion Lake, 55 sq. miles.
(c) East of Onion Lake, 13 and a half sq. miles.
(d) North of McGregor Township, 5 and a quarter sq. miles.

and

large area immediately adjacent to the above mentioned limits, comprising 205 square miles,

at a flat rate of 50 cents per cord for the burnt material, and 15 cents per tie for ties, all in the District of Thunder Bay, which areas were ravaged by fires during the seasons of 1929-30 and 1930-31.

The Order-in-Council did not cover this timber on a board measure basis, the Company, through pulpwood operations, having taken about 45,000 cords of pulpwood but no ties, due, it is claimed, to the faulty nature of the timber.

If the Company now be allowed to take the log timber on a board measure basis, prices to be later fixed by the Department, they can keep 300 men on this operation until the 11th of March next.

The Minister, owing to the present depression and unemployment situation, recommends, that the Pigeon Timber Co. Limited be permitted to take out the timber on the above areas on a board measure basis at prices to be fixed by the Minister of Lands and Forests.

The Committee of Council concur in the recommendation of the Honourable the Minister of Lands and Forests, and advise that the same be acted on."

MR. CAIN: Now then, some questions later on arise, in order to have ad-additional adjustments, and I find that there is a memorandum made by the Deputy Minister,—myself,—on the first of June, 1932, for the Minister, dealing with the whole subject, which reads as follows:

"*Memorandum re Onion Lake Limits and Extension thereto:*

The rights of the Pigeon Timber Company, Limited, on the burnt-over areas of Onion Lake and adjacent area having been granted after the fire in 1930 only for the season of 30-31, and later on for the season of 31-32, the question of a further arrangement was discussed yesterday by Mr. E. E. Johnson, representative of the Company, and the Minister, Mr. Finlayson, in the presence of the Deputy Minister and J. H. Milway, Crown Timber Agent, Port Arthur. The Company had some years ago acquired four limits around the Onion Lake and had operated to a considerable extent thereon before the extensive fire overran the limit in 1930.

During the first season, immediately following the fire, the Company were given a rate of 50 cents a cord for pulpwood and 10 cents a tie for railway ties, on the understanding that they would take a portion of the burnt material from adjacent Crown area also overrun by fire. Their operations, however, were limited only to their old limits, because their anticipated contract for some 50,000 cords was very much reduced and they did not find it necessary to go on adjacent area. Then by Order-in-Council for the season of 31-32 their rights to cut burnt timber on the Onion Lake limits and also on the adjacent burnt area at 50 cents a cord were continued for one season only, and by virtue of the same Order they were allowed to cut the green timber remaining on the areas subject to a price to be fixed by the Minister."

MR. COOPER: I do not like to interrupt, but I see the Deputy Minister has a large file of papers. Would it not be better to hear the witnesses who have come here first and then hear Mr. Cain afterwards.

HON. MR. HEENAN: No, I do not think so. We want to refute these points as they come along in their order, no matter how long it takes.

MR. COOPER: But these people have come a long way to be heard.

MR. DREW: How long will it take?

THE WITNESS: Well, there is another Order-in-Council based on this memorandum which I am now reading. There was an Order-in-Council in effect, so I do not need to read that. It was in effect and we may put it in as an exhibit. I would like to read the further contents of this letter.

THE CHAIRMAN: I was going to suggest that all these documents you are reading should be filed as an exhibit, so when you are through dealing with the file, we will have it tendered as an exhibit.

THE WITNESS: All right.

"In order to encourage the operation the Minister fixed a flat rate of 50 cents a cord for green and burnt.

The operations, however, were limited practically to burnt timber, the cut of some 48,000 cords being almost all burnt, or around 95 to 100%, and none of this having been cut upon adjacent Crown areas, the cutting having been concentrated largely in the badly affected areas.

During the last season, because of these areas having been practically all burnt over, the Crown limited the payment of the ground rent and fire protection charges on their old limits to 15% of the area, there being no charges made for the adjacent Crown area, upon which, of course, the Company have not operated.

Three points were up for adjudication.

(1) The area upon which ground rent and/or fire protection charges should be paid.

(2) The price to be paid.

(3) The time during which the Company might undertake to operate.

(1) Due to the excessive fire and the large extent it covered it was considered only fair that fire protection charges should be waived. The Company strenuously urged that the ground rent charges be also waived, but after due discussion it was directed by the Minister that the ground rent of $5.00 per square mile be charged and that the Company be permitted to abandon such portions of their Onion Lake Limits as have been cut over and whatever other area that could be mutually agreed upon between the representatives of the Crown and the Company in respect of the burnt or useless portion of Crown land adjacent to the former licensed area. After examining the maps and considering the cut and the area burnt, the Company have been allowed to abandon approximately 100 square miles out of the two areas which will reduce the ground rent by $500.00 per annum.

(2) The Company contended that the same prices that have obtained,

namely 50c a cord all round, should cover subsequent operations, but the Minister stoutly maintained that he could not, with regard to absolute green timber, defend a price of less than simple dues, even though the cutting of this green timber was carried out on in relation to a salvage proposition for the burnt timber, and he therefore fixed a price of 50c a cord for the burnt timber and $1.40 a cord for the green timber and that the method of differentiating between the green timber and the burnt timber over the given areas should be left to the determination of the officer on the ground subject to the direction or supervision of the Crown Timber Agent, Mr. J. H. Milway. The idea expressed and understood is that where a small percentage of green timber in isolated patches is cut at the same time as the burnt timber, hauled, piled, dumped and driven with the burnt timber and sold at the same price as the burnt timber, such should be considered burnt. Where, on the other hand, sufficient clumps of green timber are taken out and can be so treated in its disposition, then that must be measured, returned and paid for on the basis of green timber at $1.40 a cord. Where it is possible for the areas of green timber to be segregated, this shall be done to avoid confusion and to facilitate the measurement and return on a separate and distinct basis from the burnt timber. The decision of the C. T. Agent on classification of burnt and green wood shall be final and conclusive.

(3) Mr. Johnson submitted two outstanding reasons for requesting a reasonable period of time that the Company should be granted to carry on cutting operations.

(a) The extensive improvements already made in the way of the construction of dams, the building of camps and the necessity of implementing these improvements for future operations.

(b) The need of an assurance of a supply ahead in order to make contracts beyond one season with purchasing companies, particularly during this period which is largely a buyer's market. Also the result of experimenting with burnt wood may require a certain percentage of green which would have to be met.

In pursuance of this feeling he sought a period of five years, but a compromise was reached whereby only 2 years was to be granted now, or up until the end of April, 1934, the understanding being that a letter was to be written to the Company, over the signature of the Minister or the Deputy Minister, pointing out that the Department recognizes that there is some force in the contention for a longer period and that at the expiration of the 2-year period, should operations be conducted in accordance with the arrangements made, favourable consideration will be given towards a further extension upon reasonable terms and conditions. The feeling of the Minister was that due to the very abnormal situation obtaining now it is almost impossible to predict with any degree of accuracy what the market situation may be after the 2-year period and any extension beyond that time now would seem inadvisable.

The new arrangement is to be approved by Order-in-Council in the recital of which reference is to be made to the request for a 5-year period and to the reasons for limiting it to a 2-year period."

Then immediately following that, an Order-in-Council based upon that memorandum, 8th day of September, 1932:

"The Committee of Council have had under consideration the report of the Honourable the Minister of Lands and Forests wherein he states that the Pigeon Timber Company secured the right to cut the timber on four areas in the vicinity of Onion Lake, comprising in all some 138¾ square miles. The areas are,—

(a) East and North of Onion Lake—65 sq. miles.
(b) North and West of Onion Lake—55 sq. miles.
(c) East of Onion Lake—13½ sq. miles.
(d) Area North of McGregor Township—5¼ sq. miles.

"The Company operated extensively upon these limits up until season 1930 when fire ran over the limits and the Department benefited in revenue from Ground Rent, Fire Charges and Timber Dues to the extent of over $100,000.00.

In 1930 this District was ravaged by fire and 90% of the whole area then under license to the Pigeon Timber Company was severely damaged, as well as an area adjacent to the Onion Lake Limits in the Crown of 205 square miles.

With a view to salvaging as much as possible of this burnt material the Department arranged with the Pigeon Timber Company, who claimed to have a contract for 50,000 cords, whereby the Company was granted the right to cut up to 50,000 cords of burnt material at 50 cents per cord for the pulpwood and 10 cents each for hewn ties. It was understood that if the operations were satisfactory and the Company was in a position to cut more than the 50,000 cords Department would consider increasing the amount later in the season. It was also understood that one-third of the amount was to be taken from the Crown Lands adjacent to the Onion Lake Limits.

Owing to the fact that there was a considerable reduction in the quantity of wood covered by the contract, the Company confined their operations to the Onion Lake Limits, no material being cut from the area in the Crown.

By Order-in-Council of the 23rd day of September, 1931, the arrangement entered into by the Department with the Company covering operations of the previous season was approved, with the understanding that the price on green material was to be fixed by the Minister.

An Order-in-Council was passed on October 30th, 1931, which provided that inasmuch as only some 1755 cords of green pulpwood out of a total of 20,000 cords had been taken, the rate upon this small quantity of green material would be the same as on the burnt, that is, 50 cents per cord with rate on ties cut from the green timber 15 cents each. It was also provided that inasmuch as 90% of the area was overrun by fire, for the purpose of Ground Rent and Fire Protection Charges the area of the Onion Lake Limits for 1931-32 would be fixed at 15% of the area, or 15 square miles.

The Company were also granted the right to cut burnt material on the area in the Crown, and upon this area no ground rent or fire protection charges were to be exacted, and the material cut was to be subject to the same rates as on the Onion Lake Limits, namely, 50 cents per cord and 15 cents each for ties.

In operations of 1931-32 no ties were taken as the timber was found to be faulty and the Company asked to be allowed to take material out on a board measure basis, and by Order-in-Council of the 12th of January, 1932, in view of the unemployment situation and the existent depression, the Company was allowed to cut upon a board measure basis at prices to be fixed by the Minister, the Company undertaking to employ 300 men on the operation until the 11th of March next,—but because of the defective nature of the material resulting from the fire damage the privilege of cutting logs on a board measure basis was not exercised.

The Company now desire a renewal of their rights and have asked that the fire protection charges and the ground rent should be waived, and the Company also ask in consideration of extensive improvements already made in the construction of dams, building of camps and the necessity of assurance of future supply, in order to safeguard contracts beyond one season, the rights of the Company to cut on the area under license and the adjacent area in the Crown be extended for a period of five years.

The Minister, after due consideration, feels it is only fair inasmuch as the whole area has been covered by fire, that the fire protection charges should be waived, but after examination of the maps and giving consideration to the cut and the area burned, feels that the Company might be allowed to abandon certain cut-over limits, and that a reduction be made in adjacent Crown area, making in all a reduction of 100 square miles, thus reducing the ground rent by $500.00 per annum, but that the Company should be required to pay a ground rent of $5.00 per square mile on the area over and above the one hundred square miles abandoned, the rates the Company to pay being 50 cents per cord for burnt material and $1.40 per cord for the green timber, and that the method of differentiating between the green and burnt timber should be left to the determination of the Officer on the ground, subject to supervision and direction of the Crown Timber Agent, except that in isolated areas where a small percentage of green timber is cut at the same time as the burnt timber, all piled and driven with the burnt timber and sold at the same price, such green timber to be considered as burnt. Wherever possible the green and burnt areas are to be segregated and the decision of the Crown Timber Agent on classification of burnt and green wood final and conclusive.

In view of the extensive improvements already made in the construction of dams, building of camps and the necessity of assurance of future supply, in order to safeguard contracts beyond one season, the Minister is of the opinion that it is reasonable and just that more than one season be allowed, but feels that five years is too long a period.

The Minister recommends that the Pigeon Timber Company be granted the privilege of cutting upon such areas in their own limits, and also on the Crown land adjacent outside of the cut-over areas which the Company has

been allowed to abandon, the burnt and green timber, the rate on the burnt timber to be 50 cents per cord, and on the green $1.40 per cord, and that this privilege be for the period of two years, or until the 30th of April, 1934, and further, that the Company be required to pay on the area covered by their cutting rights ground rent at the rate of $5.00 per square mile or fraction thereof, but that the fire protection charge on this area be waived, in view of the fact that the whole area has been burned.

The Committee of Council concur in the recommendation of the Honourable the Minister of Lands and Forests and advise that the same be acted on."

Now, this is the letter written by Charles W. Cox, on the letter-head of Charles W. Cox, Limited, dated April 15th, 1933:

"During one of my recent visits to Toronto I made arrangements with the Hon. Mr. Finlayson, whereby I could cruise the Onion Lake Limits, controlled and operated by the Pigeon Timber Company. This arrangement was arrived at as the result of protests lodged by me from time to time with our Local Member, General D. M. Hogarth, as well as the Minister, regarding certain concessions and considerations granted to the above company, which I considered most unfair. I have also had some correspondence with you relative to this.

The statements you made in justification of such concessions cannot be reconciled with the conditions as they exist, which have been determined by the survey just completed and carried out in accordance with the said arrangements. I was advised that additional areas were granted to this company in 1931, as they had a contract for 50,000 cords of pulpwood, and were able to deliver burnt wood on it, and as it was represented that a sufficent quantity was not obtainable on the original area under license, extensive additions were granted without tender, allegedly for the purpose of enabling them to fulfill the contract mentioned, the ostensible purpose being the salvaging of burnt wood on the adjoining Crown Land area.

I am advised that approximately 50,000 cords were cut and removed that year, and led to believe that a large proportion thereof was not burnt. This year the company has been cutting again, and I understand that the price of burnt wood has been reduced to 40c or 50c per cord, while the original figure tendered on this limit was something over $3.00. I am also advised that practically all this cut is being cleared as burnt wood, whereas the investigation proves that such is not the case.

I engaged three men to make the investigation, one a reputable Ontario Land Surveyor, another a Crown Timber Scaler, and a third a lumberman of twenty five years' experience. They measured 11,665 cords of wood cut this year, and 3,200 apparently cut last summer, totalling 14,865 cords, of which 10,537 cords was green timber. It is shown on the map where the cutting has been done, and it is quite clear that the timber was cut in places where a fire did not exist.

The cruise was made under difficult circumstances. Mr. Flook, the

surveyor, arranged with Mr. E. E. Johnson, the senior member of the firm, for the use of the camps in connection with some work he proposed to do, but when the company learned that some measuring was taking place, a plane was dispatched from Port Arthur to the limits, with instructions that the vacant camps could not be occupied, nor the landings measured. Consequently, the men were forced to sleep in the woods in order to carry out the work. Hence, an additional landing, containing approximately 8,000 cords was not scaled.

If, as I am advised, these extensions were added two years ago ostensibly for completing a contract, if the ground rent and fire charges have been reduced on the old areas because they are supposed to be cleared, and if the dues have been reduced to approximately 50c per cord, and a large proportion of green timber being cleared as burnt wood, the accuracy of which you should be in a position to know, they form a combination of circumstances as against which no honest lumberman could hope to compete.

This cruise report will speak for itself. Should there be any doubt as to its accuracy, the landings will probably be intact for at least another two weeks, when a check could be made.

Through years of experience, I have learned of the severe and decisive measures you have adopted in my dealings with the Department by the way of imposing penalties and increasing dues, and I will expect other operators, and especially those who may be citizens of foreign countries, to be accorded similar treatment.

I maintain that the green timber cut from the limits should be paid for at the price which was secured by Public Tender, that the additional area, ostensibly added to complete a contract and upon which no cutting has yet been done, should be returned to the Crown. Any other arrangements, in my opinion, would not be in the interest of the Province, nor would it be fair to Canadian Timber Operators, and certainly will not be satisfactory to me.

I have an understanding with our member, General Hogarth, that green timber cut on this area should be paid for as green timber.

I would appreciate a prompt reply to the effect that the Department will take such action as the situation demands. Procrastination or evasion will only have a tendency to aggravate the rather strong feeling I have regarding this matter. I enclose herewith a map indicating where the cutting has been done. I shall watch subsequent developments with the keenest possible interest."

MR. COOPER: Q. Did the Department then investigate that complaint?

A. Absolutely.

Q. And was there a reply sent?

A. Yes.

Q. Well, then, you had better read it.

A. For the purpose of the record, I am as much interested in this as my former minister.

By virtue of the statements made, and as I am in the witness box, I would like to more or less go into detail, with the consent of the Committee.

HON. MR. HEENAN: Go ahead.

THE WITNESS: The letter of April 19th, 1933:

"W. C. Cain, Esq.,
Deputy Minister Lands & Forests,
Toronto, Ontario.

Dear Sir:

In connection with this return of the Pigeon Timber Co., Limited, I beg to say that in Camp No. 1, L. A. Maki, the 3,002 cords of Spruce Pulpwood and the 341 cords of Balsam Pulpwood were cut and peeled last spring; the wood cut by J. Usenik is green rough wood and was cut during the winter.

As far as the cutting on the burned area is concerned we have kept that well checked up all season, our Rangers making monthly inspections of same. The week they finished up cutting on this burned area, I had ranger McDonell travel all the burned area lines and he reports that no timber was cut outside of this burned line other than what was returned as green timber. Of course, you understand, that in the burned area there was a little green timber here and there, a wet patch of ground where there would be a few green trees, but it would be unfair to the operator to have him separate those green trees when all this area was going on the one dump. While there are a few cords of green wood mixed with the burned wood, all goes as burned wood—this was the arrangement I made with Mr. Johnson last Fall so we would have a perfect understanding as to how the operations would be conducted so long as he did not go outside of the line, everything on the inside was to go as burned wood.

I also had Ranger L'Abbe travel the west boundary of Onion Lake Limit and his statement of the return, that we are sending in, covers all the wood that has been taken out by the Pigeon Timber Co., Limited, this season from Onion Lake Limit.

We have not received a renewal of the license for 1932-33 but Mr. Johnson told me that the ground rent and fire charges were sent in early in the year and I have been expecting right along to receive the license but, as yet, it has not come.

Yours very truly,

(Signed) S. J. HAWKINS,
Acting Crown Timber Agent."

THE WITNESS: On April 24th, I wrote to Mr. Cox:

"In respect of your letter of the 15th inst. regarding the Onion Lake Limits, may I say that I am authorizing an examination of this area to be made by individuals other than those who have actually been engaged upon the area this season by the Crown. I cannot, however, allow your letter bearing the complaint against the Pigeon Timber Company to go unanswered in respect of a paragraph in the second page, in which you have insinuated that you have been subjected to severe and decisive measures through years of experience in your dealings with the Department.

I was under the impression that you, a short time ago, had, through the medium of the local representative, D. M. Hogarth, made complaints to the Department respecting alleged ill-treatment by the Department in its dealings with you, and in each and every case, at the request of the Minister, I made a memorandum setting out exactly what had been done, and all the facts had been perused by him, and, I understand, gone over with you personally. These facts still stand, and I am prepared to stand by them in relation to the connection the Department had with you or your firm. I have told the Minister repeatedly that the element of personality in no way, shape or form enters into a determination of cases, all of which have to stand upon their own particular merits. I therefore regret that you have seen fit to incorporate in this special complaint that you have made, a statement that would seem to carry with it a certain amount of unjustifiable venom."

THE WITNESS: Then, this letter of April 24th, is one directed to our outside officer who at that time was our itinerant Crown timber agent from headquarters, Mr. Hawkins, now dead:

"Toronto, April 24, 1933.

Re: *Onion Lake Limits.*

Dear Sir:

Under even date I have wired you as follows:

Have you or Rowe been personally over Onion Lake Limit Operations? Wire immediately as prompt investigation required—certain complaints. Will have Alexander, Fort Frances, join you. Wire him when to meet you Port Arthur. Essential to act before drive or break up.—Will write fully on receipt of your wire. Answer.

On September 14th last I mailed to you a copy of the Order-in-Council bearing date 8th September, 1932, with regard to these limits, and an area contiguous thereto. Accompanying the Order was copy of letter which I, under the same date, addressed to the Pigeon Timber Company.

The special arrangements made with this company, as set out by the Order-in-Council, resulted from an extensive fire that ran over the area.

While it is impossible for me to give you all the details in a letter with respect to the correspondence and negotiations following the fire, the information I think, contained in the Order-in-Council, for the time being,

will be sufficient to enable you to proceed with an investigation of the complaints made in a latter addressed to the Department under date of the 15th inst. by Chas. W. Cox of Port Arthur. That you may thoroughly understand the basis of the complaint I enclose Copy of Mr. Cox's letter accompanying which is a Blue Print also transmitted to the Department by him with his letter.

The provisions made in the Order-in-Council to which reference has been made were in pursuance of a conference that the Minister had here with the late Joseph Milway who, as Crown Timber Agent, was to be the determining force, through his staff, naturally, of the manner of cutting and of differentiating between what is to be termed green and burnt timber.

In order to make certain of this investigation being impartial on the part of the Crown, my wire of to-day asked if you or Rowe had been over the operations in any way to recheck the work done. Whether you have been or not, I considered it essential that an examination on the ground should be made before the break up or the drive, because conditions can be viewed by you and your colleague and found practically as they obtained when Mr. Cox had his man there. I therefore wish to have the opinion of an experienced official who is in no way related to or connected with the local situation at the Head of the Lakes, and consequently I am directing Mr. Alexander, the Crown Timber Agent at Fort Frances, to proceed to Port Arthur, and there meet you in order to bring about this investigation. I asked you in my wire, to wire Alexander when to meet you.

In order that there may be no delay incidental to this investigation I am dictating this letter prior to receiving an answer to my wire addressed to you to-day, and should your answer come in before the mail leaves to-night I may find it necessary to add a postscript to my letter.

In the meantime you and Alexander will personally proceed to the Onion Lake Limits and make a thorough cruise of the area covered by the operations of the Pigeon Timber Company, checking up the actual cutting and comparing the figures with those submitted and making careful observation with respect to the burnt area and the product of the timber from such area so that there cannot be any reasonable grounds for doubting the quantity of timber that should be charged as green and the quantity that should be charged at the price of fire-killed wood.

The Order-in-Council contains the basis on which the Government consented to operations and the letter of Mr. Cox contains his detailed complaint.

I do not think you require any further direction than that contained in this letter, except that if Rowe has not been over the limits, you might take him, so that he will be the third of our investigators—the other two being yourself and Mr. Alexander.

It it be possible for the three of you to reach the same conclusion, then that conclusion might be incorporated in a joint report signed by the three of you.

If, in your judgement, you feel that Alexander and yourself, without the assistance of Rowe, can satisfactorily go over the area, well and good.

My main idea in this investigation, which I may say here, has been heartily welcomed and insisted upon by a representative of the Pigeon Timber Company, who was here a few days ago when the complaints were presented to him by the Minister, is to have it conducted without any colour of local partisanship, and for that reason it might be just as well to have the examination limited to yourself and Alexander, in both of whom I have ample confidence with respect to a check-up. Of course you will find it necessary to take a couple of men to help you in your snow-shoeing or transportation, and probably in holding chains, etc., and if this be the case, then you may take whatever men you consider will be satisfactory.

I do not want a check-up of the wood by any of the scalers who have been on the ground, and who have already submitted their reports to you.

Now, if you have been over the limits yourself, and have not in any way committed yourself to the Government in a report, then you are still subject to this direction with regard to going with Mr. Alexander."

THE WITNESS: Following that we had the report of these two men whom we named to go up there. Do you want me to read that report?

HON. MR. HEENAN: Yes.

THE WITNESS: It is dated May 23rd, 1933:

"*Re: Operations Pigeon Timber Company Season 1932-33 Onion Lake Limits.*

Dear Sir:

I beg to acknowledge receipt of your letter of April 24th, in respect to the operations of the Pigeon Timber Company on the burned area of the Onion Lake Limits relative to the season of 1932-33, also in which you enclose a copy of complaint under the signature of C. W. Cox, of Port Arthur, making statements reflecting on the manner in which these operations were conducted and more especially to the quantity of green pulpwood being cut and returned to the Department as burned wood.

In compliance with instructions contained in your letter I communicated and made arrangements with J. A. Alexander to accompany me to these limits to make a thorough investigation in respect to the accuracy of the complaints submitted to the Department by Cox.

Owing to the late breaking up of the ice on the Inland Lakes it was impossible to carry out your instructions until May the 14th when we proceeded to McLeash Lake and commenced a thorough ground cruise of the operations of Camps No. 2 and 3, these camps having produced the pulpwood complained of by Cox—the wood being drawn and landed on the same lake and same landing where Cox claims his men measured 11,665 cords of which, according to his figures, he claims that his men found 7,337 cords of green wood.

We wish to point out that the 3,200 cords, which was cut last summer and included by Cox as part of the 10,537 cords of green timber in his complaint, was a green timber operation carried on as a peeled pulpwood camp and returned to the Department as green timber on May 10th, 1933, and was purely a separate operation from the camps that were operating during the winter months and therefore this amount of 3,200 cords is deductable from the winter operations of 10,537 cords which Cox claims was green timber. Therefore, according to the statements of Cox's men there was on the landing of Camps 2 and 3, 7,337 cords of green pulpwood and 4,328 cords of burned pulpwood.

We further wish to point out that on the landing of Camps 2 and 3 the government scalers, employed from this office, measured and returned the amount of 11,801 cords which you will see is 136 cords more than the statement made by the men employed by Cox.

In cruising the cut-over area of these camps we found that the fire of 1930 was hotter and more severe on the high ground, therefore, owing to three years' deterioration there was only a small percentage of the wood that could be cut and acceptable to the mill for paper, consequently the bulk of the burned wood was cut on the slopes or ravines where the fire was not so severe and naturally the log roads run through these low lands where in places there were small quantities of green wood that escaped the burn, and in places was partly killed by ground fire where the timber died slowly—we found in many of these swamps the fire had extended half-way in before burning itself out.

In conducting a careful ground cruise of the cut-over area of these camps, we found that the green timber cut at Camp 2 in these low draws or swamps would not exceed 875 cords of green pulpwood and at Camp 3 not to exceed 1,125 cords, making a total of 2,000 cords of green pulpwood cut at Camps 2 and 3, and on this basis there would be on the landing of these camps 9,801 cords of burned or fire-killed wood and 2,000 cords of green wood. In making the above statement and according to our ability we fear no contradiction from any fair source.

We also wish to point out that this green pulpwood cut in conjunction with the burned wood, being hauled on the same roads, piled and mixed on the same landing and all cut within the burned area and if it had not been cut in conjunction with the burned wood, we believe that it would be left standing as it would not pay an operator to go back and pick it up at a later date.

We made a trip to Onion Lake where this wood was all boomed together and by using a power boat, we ran thoroughly through all this wood and, from our observations of the wood in the boom, we believe the statements we have enumerated above as to the quantity of green wood is approximately correct and would be the outside amount of green wood in the operations of these camps.

We are herewith enclosing a tracing showing the location of the camps in question. The green timber which was cut is shown in green and the

burned timber, crossed thereon, in red. We are also returning herewith a blue print sent to us by you, prepared by Cox.

In our long years of experience in woods operations and logging conditions and thereby knowing the ice conditions where timber is landed, we are more than surprised to learn that an attempt was made by Cox to have the output of these camps measured on the ice in April when the condition of the landing was an impossibility and at the best only an estimate of the quantity and quality of the wood could be made.

In supporting our contention we wish to point out that the wood landed on the new ice in January from its weight the ice would sink thereby causing flooding which flooding would continue throughout the winter and, consequently, this being a small lake and the wood being piled closely together the ice sinkage would be more than usual from the weight of the wood, therefore the conditions on this landing in April was such that a large quantity of the wood was below the ice surface and no accurate measurement could be obtained and, in our experience, we would not attempt to have work of this kind performed. Therefore, we wish to remark that the contention of Cox's men is so absurd they border on the ridiculous.

We would like to offer a suggestion relative to timber on burned areas whether they be on Crown lands, which might be offered for sale, or on Licensed lands where the Department considers a revision on the tendered price necessary, that the burned area be cruised to determine the quantity of green and burned timber also the cruiser to run lines and delimit the area and when the information as to the quantity of burned and green timber is obtained that one price be set on the material thereby facilitating the operation when in progress and not causing the timber to be separated, which in cases it is practically impossible and we believe it would have the effect of doing away with any local criticism, which might be aimed at the Department as in instances of this kind.

We have endeavoured to the best of our ability to investigate and give you an impartial report in connection with this case and should there be any matter which we have omitted and you desire further information, if brought to our attention we will gladly give you same, all of which is respectfully submitted.

Your obedient servant,

(Signed) J. A. ALEXANDER,
S. J. HAWKINS."

THE WITNESS: J. A. Alexander and S. J. Hawkins, are the two men we sent up there, as I mentioned before.

HON. MR. HEENAN: Was Mr. Cox acquainted with the fact and had he knowledge that that had been made?

THE WITNESS: Yes.

HON. MR. HEENAN: Because he says, answering my question:

"Q. Do you know whether it has been investigated or not?

A. I don't think so."

THE WITNESS: I wrote on August 4th. A request was made for a copy of his complaint, and I wrote Mr. Cox asking him if he had any objection to the copy of this letter going to the party requesting it, and he answered as follows.

"I have your letter of the 4th inst. inquiring as to whether I would object to a copy of my letter of April 15, regarding the Onion Lake Limits, being given to McComber & McComber. In reply I would say, that such letter was prompted by a desire to have the public resources of the Province protected, and the regulations of your Department complied with. I presume that your Department, as guardians of the public's interest, have the same object in view, and would welcome co-operation in bringing same about, by being advised of any act or omission prejudicial thereto.

Under such circumstances, I cannot see how you can possibly justify disclosure of the source, or particulars of such information given you in good faith, or permitting it to become public property."

THE WITNESS: The letter was not marked "Private" or "Confidential," and it was on the public files. I continue reading his letter:

"It is evident from your letter that a controversy may develop as a result of the report which I sent you. I would, therefore, like an opportunity of corroborating my statements by sending our men along with yours to complete examination of the property, in order to have this confirmed. We were prevented from completing this work at the first instance, by men who apparently were employed by the licensee.

Please advise if you will permit such examination, and have your men accompany ours in making same."

THE WITNESS: This is the reply I wrote to Mr. Cox, since which time I cannot find any reply on the file.

"Toronto, August 17, 1933.

Dear Sir:

On reaching my office after a short absence I find your letter of the 9th instant with regard to the Onion Lake Limits in which you apparently see an objection to the Department furnishing McComber and McComber with a copy of your letter of complaint with regard to the operations upon this limit.

While it is not the practice of the Department to furnish copies of letters, whether they be in the form of complaints or inquiries or ordinary business communications between patrons of the Department and the Department itself, at the same time where a document is not marked private and confidential it becomes public property and is subject to production in the ordinary or regular way through an Order of the House at a sitting of the

Legislature, and inasmuch as you oppose the sending of a copy of your letter to McComber and McComber I am merely intimating to them that you are not prepared to permit the Department so to do.

Now, with reference to the suggestion that you make in your letter with regard to allowing your men to accompany ours in making the investigation, this is but a reiteration of a former request by you, which the Department declined to entertain by reason of the fact that it was important that the men whom we sent to the limit to make an investigation were in no way subject to any local colour and would not be in any way placed in the position of being charged with any kind of influence from either side, and therefore Mr. Hawkins, who was in charge of our office at Port Arthur and who has no local interests in Port Arthur whatever, and Mr. Alexander from Fort Frances were authorized to make the report to check up the work that our scalers had done.

The Department has ample confidence in both of these men by virtue of their wide experience and their good practical judgment. If you are desirous of ascertaining the substance of the report of our investigation I shall be glad to let you know on request."

THE WITNESS: I do not see any further communications with Mr. Cox.

In relation to that, just briefly, the company got 109,871 cords of burned pulpwood at the reduced price and they cut 96,353 cords of green pulpwood at the rates provided for by the Order-in-Council, or green rates.

THE CHAIRMAN: Will you please file all these documents you have read?

THE WITNESS: I shall.

THE CHAIRMAN: You might file copies.

THE WITNESS: Yes.

THE CHAIRMAN: They will be put in as Exhibit number 25.

THE WITNESS: Very well.

EXHIBIT No. 25—Filed by Mr. Cain: File consisting of:

Letters from Deputy Minister, Department of Lands and Forests, to Pigeon Timber Co. Ltd., dated August 12th, 1930.

Copy of an Order-in-Council, dated September 23rd, 1931.

Copy of an Order-in-Council, dated October 30th, 1931.

Copy of an Order-in-Council, dated January 12th, 1932.

Memorandum re Onion Lake Limits and Extension thereto, June 1st, 1932, Deputy Minister, Department of Lands and Forests.

Copy of an Order-in-Council, dated September 8th, 1932.

Letter from Charles W. Cox, to Deputy Minister, Department of Lands and Forests, dated April 15th, 1933.

Letter from S. J. Hawkins, to Deputy Minister, Department of Lands and Forests, dated April 19th, 1933.

Letter from Deputy Minister, Department of Lands and Forests to C. W. Cox, dated April 24th, 1933.

Letter from Deputy Minister, Department of Lands and Forests to S. J. Hawkins, dated April 24th, 1933.

Letter to Department of Lands and Forests from J. A. Alexander and S. J. Hawkins, dated May 23rd, 1933.

Letter from Deputy Minister, Department of Lands and Forests to C. W. Cox, dated August 4th, 1933.

Letter from Deputy Minister, Department of Lands and Forests, to McComber & McComber, Barristers, Port Arthur, Ontario, dated August 4th, 1933.

Letter from C. W. Cox to Deputy Minister, Department of Lands and Forests, dated August 9th, 1933.

Letter from Deputy Minister, Department of Lands and Forests, to C. W. Cox, dated August 17th, 1933.

HON. MR. HEENAN: I was going to ask that I be recalled to give evidence to contradict statements Mr. Cox made yesterday, from the files of the Department, but inasmuch as there are some people here who have come a long way to give evidence to the Committee at their own expense, I will defer that to a later date. I will be under oath when I am recalled to the stand and will be able to show that Mr. Cox supported the Lake Sulphite by letters. I will be able to show that he supported the Lake Sulphite diversion, and as everyone now knows, he is the greatest gladiator in the exportation of pulpwood and took the credit for it during the last election and before the boards of Commerce and town councils at the head of the lakes. I have a letter here also where I had occasion to complain to the Prime Minister of this province of this man's scurrilous attacks on public service, especially those engaged in the administration of the timber resources. We have had to remove two Crown timber agents from Port Arthur to the Sault, and yet he wants to remove a third one. He is not going to remove him as long as I am in here for the reasons he has. As I say I will defer this until a later date.

THE CHAIRMAN: Very well, Mr. Heenan.

We will now hear you, Mr. Johnson.

MR. DREW: Just at this point—I will not take a moment, but I would like

to put something on the record in regard to this. I am anxious that every bit of relevant evidence be introduced. I am on the other hand strongly opposed to the introduction of statements which cannot be considered evidence in any way. If there is evidence of wrong-doing, then I think those who know of any wrong-doing, if there has been any, should bring it here, but I for one have tried to make it clear from the beginning that this Committee should at no time be made the vehicle for reckless and utterly unsupported statements. I want to deal with one aspect of this point when it comes up. The Toronto Daily Star reported this in such a way yesterday that it conveyed an impression that evidence had been given here against officials of this Department, and those officials are largely civil servants who should be protected and it also reflects on other people. The Toronto Daily Star quotes statements which were not made here and I believe the time has come for someone to accept the public responsibility of suing the Toronto Daily Star for libel, because this is an old practice of a paper which has no principles whatever and which deliberately goes out of its way on every possible occasion to misrepresent evidence by false headlines and to distort the facts of evidence and to even go so far as to quote things which were supposed to be said here, which were not said at all.

We have talked a lot about democracy and the freedom of the individual, but until those people who are injured by irresponsible newspapers—and there are very few of them in this country—but until people who are injured are prepared to take the responsibility of bringing to task a newspaper like the Toronto Daily Star, then freedom of speech becomes very much of a myth.

EDWARD E. JOHNSON: Sworn.

THE CHAIRMAN: Mr. Johnson, I was advised by a wire which I read at the beginning of these sittings that you were authorized to represent the city of Fort William in this inquiry. I understand there are statements you wish to make or evidence you wish to give.

THE WITNESS: Yes, there are.

THE CHAIRMAN: Go ahead, sir.

HON. MR. HEENAN: Mr. Johnson, before you start will you tell us how long you have been operating in Canada?

A. I have been operating in Canada for twenty years and in the timber and paper business for thirty.

Q. Are you engaged in any other business in addition to lumbering?

A. Yes.

Q. In Canada?

A. Yes. I am President of the Pigeon Timber Company; President of the Lakehead Transportation Company, which operates about fifteen boats;

President of the Superior Timber Company; President of the Great Lakes Lumber Company; President of the Imperial Fur Farms Limited; President of the Boaker Farms Limited and a few other companies, if that is what you want to know? Does that answer the question?

MR. COOPER: You do not stop at anything short of a presidency?

A. Well, I should, but somebody else thinks otherwise.

HON. MR. HEENAN: Q. You have been pictured in some of the correspondence, I think, as a foreigner. I do not know what that means. It is underlined in many of the documents. Are you a foreigner? Are you a Canadian citizen?

A. I am. I married a Canadian and I am a Canadian and I guess my loyalty should not be questioned because I was a Major in the American Army at the time of the last war.

Q. Is it right for one of your competitors to question your loyalty?

A. I would like to make a few observations on the happenings of yesterday.

In the first place it is with extreme pleasure that I have sat here these few days to see such an intelligent approach to a very essential international industry in which the Province of Ontario has played and will continue to play a most prominent part.

It is regrettable that I am faced with the blasphemous utterances which were put forth by one of my competitors who has as his object—

HON. MR. NIXON: Q. Are you sure that is the word you want to use?

A. No; I can make it stronger.

Q. Blasphemous?

A. Yes.

Q. You do not mean libellous?

A. Yes, and I am going to add to that; which I maintain evidences a depraved mind. They were deliberate, they were false, malicious and I would say criminally actionable.

MR. DREW: May I just interrupt you, and I will not say another word about this. I am glad you mentioned it, because I think you have touched on words which are very good.

I would strongly suggest, and I say this with the utmost seriousness, that the Attorney-General consider whether criminal proceedings for libel should not be taken against the Toronto Daily Star.

I read the headlines of yesterday's Toronto Daily Star:

"Fifteen Hundred Dollars Grease Given to Influence Officers, C. W. Cox tells inquiry."

Now, C. W. Cox told the inquiry nothing of the kind. C. W. Cox introduced a document here prepared by a man who is long dead, not even for the company in question, and whether the facts are right or not can be proved by other witnesses, but our civil servants in this province have a right to be protected, and the officials of the Department of Lands and Forests, the civil servants, are not in the position to defend themselves that Mr. Heenan as Minister is. I am not here to defend Mr. Heenan; I assure you that is not my performance; but it is my duty and it is the duty of anyone else who wishes good government in this province to see that public officials, civil servants who are doing the public work, should not be subjected to the inferences that are conveyed in the headlines of yesterday's Toronto Daily Star; headlines which have no possible foundation in fact having regard to the evidence that we heard and at this point I merely suggest and place it on record, and it can be conveyed by the secretary to the Attorney-General. I suggest to the Attorney-General that he consider the wisdom of taking criminal proceedings against the Toronto Daily Star for this reflection on the officials contained in the headlines.

MR. COOPER: Well, it is nothing short of publishing false news; that is all.

MR. DREW: False news? It is criminal.

MR. W. G. NIXON: Q. Are you referring, in your remarks, to evidence given before this Committee yesterday or to reports which appear in the issue of the Star yesterday?

A. Both.

Q. Both?

A. Yes. I want to make just one more statement, and it is this—

MR. DREW: I am not going to leave any mistake about the utmost seriousness of the charge I am making against the Toronto Daily Star.

Here is a paper which has done the same thing in the past and is doing it again now, first distorting their news columns to produce an effect, then actually changing the wording between two issues yesterday in order to give a more damaging effect to the statement.

Now, for instance, the Home and Sports Edition of the Star yesterday follows exactly the same wording up to this point. It said that:

"An item of fifteen hundred dollars represented grease and according to auditors' statement was apparently given for the purpose of influencing public officials."

Now, in the first place may I say that there was not one word in the evidence that suggested that.

Then, the later issue—the financial edition—changed those words in a paragraph, only all the rest of the words were the same, and said:

> "Represented grease according to an auditor's statement was apparently given for political purposes."

And that under a headline which suggested that this had been given for the purpose of influencing officials.

Now, officials in this sense are civil servants, not the elected representatives, and the civil servants of this province have a right to be protected from the criminal inferences contained in that. Remember that if any man received money, if any official had received money to influence his course, it was a criminal offence, and consequently the Toronto Daily Star has deliberately by false headlines implied criminal conduct on the part of officials; has implied that that was given in evidence here, when no word in evidence suggested that. I merely place this on record in the hope that the Attorney-General will consider whether or not the time has come to take effective criminal proceedings against a newspaper which has no sense of public responsibility.

THE WITNESS: I have only one more sentence to utter and I would like to pass on to the statements of the witnesses yesterday in regard to development.

It is my opinion that this was a nefarious and wicked onslaught, and it is entirely without foundation, done for the deliberate purpose of ruining a competitor.

THE CHAIRMAN: You are now going on with your evidence?

THE WITNESS: Yes.

MR. COOPER: I understood Mr. Cox to say yesterday that he had quit the lumber business since he went into politics; so, how would he be a competitor of yours at this time?

THE WITNESS: Well, I would say that socially Cox is an outcast. Industrially he has ridden himself out of business because nobody will deal with him and it is in the last year, because nobody will have anything to do with him. It is not a matter of choice; it is a matter of compulsion.

Now, I hope we can start from there.

HON. MR. NIXON: Start from there and work up.

THE WITNESS: Pardon? (Laughter.)

THE CHAIRMAN: Order; order, please.

Q. Well, is he still in the lumber business?

A. He still operates as "C. W. Cox Limited" and conducts his office as such in Port Arthur.

MR. SPENCE: As a lumberman?

A. Yes.

THE CHAIRMAN: Very well. Proceed with your evidence.

MR. W. G. NIXON: In other words we are now at scratch.

THE WITNESS: Now we are at scratch. (Laughter.)

THE CHAIRMAN: Order, please.

All right; you may now proceed.

MR. SPENCE: We are going to have to get a square ring here.

THE WITNESS: Colonel Drew asked a question about a memorandum concerning the Huron Forest Products. Shall I read that—or is that for you, Mr. Heenan?

HON. MR. HEENAN: I do not know whether you have a copy of it. I got it.

THE WITNESS: I think it is quite illuminating as a commencement of this problem.

May I say in commencing that the timber, paper and power business has very extensive international problems and it is my hope that I will be able to give you somewhat of a bird's eye glimpse of the work which I have done in the south in the United States, on the Pacific Coast, in Canada.

At the time of the first newsprint merger, which was attempted in 1929, 1930, I likewise made quite an extensive trip through the Nordic countries for the purpose of investigating this industry, hoping thereby to be able to better my own conception of the timber business and to make some slight contribution in the problems which confront the Province of Ontario.

In regard to the Huron Forest Products, there are portions in this memorandum, Colonel Drew, that I am not sure you will want me to read, but there is some very illuminating information contained in this memorandum which might serve somewhat as a basis of my presentation.

I do not want to burden you with unnecessary reading. Perhaps this might better be filed as an exhibit and pass on from it to the other matters.

MR. DREW: May I suggest that you condense the effect of the memorandum and put the memorandum in as an Exhibit so that we can read it in detail.

THE CHAIRMAN: You are going to read from a memorandum from whom to whom?

THE WITNESS: This is a memorandum addressed to the Minister of Lands and Forests by the present secretary of the Huron Forest Products, Mr. Walter

Caten—as secretary and treasurer of this company—and it controls fourteen hundred square miles under one of the recent concession agreements in the Mississauga watershed.

THE CHAIRMAN: What is the date of the memorandum?

THE WITNESS: January 30th, 1940.

HON. MR. HEENAN: And of this company you are a partner?

THE WITNESS: Of this company I am a partner.

THE CHAIRMAN: Then this memorandum signed by Mr. Walter Caten, Secretary of Huron Forest Products Limited, addressed to the Minister of the Department of Lands and Forests, dated January 30th, 1940, will be filed as Exhibit No. 26.

EXHIBIT NO. 26—Filed by Mr. Johnson: Memorandum for the Honourable Peter Heenan, Minister, Department of Lands and Forests, by Walter E. Caten on behalf of Huron Forest Products Limited, dated January 30th, 1940.

THE CHAIRMAN: Proceed, Mr. Johnson.

THE WITNESS: Unfortunately there are a certain amount of figures in this memorandum which I think are quite necessary to bear in mind because at the time of the depression of 1929, and progressively until 1937 there was an upswing for betterment in the cellulose industries.

In 1937 there was one of the greatest, most precipitous declines in the commodity index prices as well as securities that this continent has ever experienced, and I feel that this explanation is a reason why the Huron Forest Products Company has not built its mill as it is obligated to, and besides that I feel that these various fluctuating prices and additions to may be material to your thoughts.

I omit the first two pages:

"Furthermore, the pulp and paper industry had started an improvement in 1936 from the lows to which it had fallen. This, it was hoped, was the start of an upswing from the depression period into a period of satisfactory, profitable operation, upon which could be based a fundamental development.

Bleached sulphite spot prices, ex dock New York, had risen from $50 in January, 1936, to $65 in January of 1937, with a growing volume in white paper consumption accompanying this increase in pulp price."

I am afraid you may think this is rather tedious reading, but it is basic.

"By August of 1937 this spot price had risen to $90, but the sharpest break in white paper volume probably ever experienced by the industry in

the same given period of time had taken place between the summer of 1937 and October of that year, resulting in such a glut of sulphite pulp in the United States that a number of ports were forced to embargo foreign cargoes for lack of storage space. By June 1938 sulphite spot prices had fallen to $80 and by August 1st to $50, or a decline of 44 per cent. The decline continued, until by the middle of 1939 bleached sulphite was selling spot ex dock New York for $45.00.

Swedish kraft pulp prices had risen from $36 spot ex dock New York in January of 1936 to $50 in January of 1937 with an increase in kraft paper and board consumption accompanying this increase. By June 1937 these kraft spot prices were $72 but by June 1938 they had fallen to $40 and in the middle of 1939 they were $26."

So you will see that a variation in price from $72 down to $26 was very precipitous decline, and I believe that prices have a great deal to do with all or many of these concessionaire agreements being in default. It is an economic condition, a consequence, over which they had no control. I am only pleading my own case, not theirs.

I think I can leave out practically all the balance of this memorandum, except there is so much meat here that it is difficult to pass over it quickly.

This is in connection with an observation which came up yesterday or the day before, and it is quite important.

"In the fall of 1936 the rated daily capacity for the production of kraft pulp from southern wood in eleven southern states was 4,207 daily tons. In the fall of 1937 it has risen to 6,921 daily tons; by the fall of 1938 it was 7,986 daily tons; and by the fall of 1939 it was 8,100 daily tons."

THE CHAIRMAN: "8,100 daily tons"?

THE WITNESS: Yes.

"Additional capacity of 425 daily tons has been announced for completion in 1940 or a total, by the fall of 1940, of 6,541 daily tons; an increase of over 100 per cent. of rated capacity since the end of 1936.

On a 310 day basis this represents a potential capacity from the southern states alone of 2,647,710 tons per year of kraft pulp bleached and unbleached. In 1938, the last year for which total figures are available the total consumption of kraft pulp, bleached and unbleached, from all sources including import, was 2,980,282 tons."

I think that is the principal part, except this:

This company feels that there is a reasonable chance the whole situation we have been discussing will work itself out to the point that the woodlands held under agreement can be profitably worked, both from the standpoint of the company and of the Ontario government. We have evidenced this belief by the amount of money we have tied up in the property. We have

tried to point out, however, that a successful operation upon the proper timing of its inception and that we are constantly watching for that time with full appreciation of the factors involved."

THE CHAIRMAN: Q. You wanted to retain this memorandum, Mr. Johnson?

A. No. sir. You have the original.

Q. No, no, I mean the one you read from?

A. The reporter will return it to me, he said.

HON. MR. HEENAN: Q. By the way, Mr. Johnson, how did you get that copy?

A. Eh?

Q. That is a copy of a letter to me?

A. Well Mr. Caten sent one to Mr. Bay and one to me the same time he sent one to you.

HON. MR. HEENAN: I see.

THE CHAIRMAN: I suppose, Mr. Cain, we could have a copy of this memorandum to use as an Exhibit.

THE DEPUTY MINISTER: Yes.

WITNESS: Now at the same time perhaps I could file some more Exhibits, Mr. Chairman; if you will look this over (producing a plan).

THE CHAIRMAN: Q. Does that deal with the same—?

A. No, Huron Forest Products is by.

Q. What is this document you show me, Mr. Johnson?

A. That is a graphical presentation summarized on one sheet of the varying amount of chemical pulp sales and expansions of the European countries compared with Canada.

MR. SPENCE: Q. Over what period?

A. It is over a period which goes back to—I want you to see, before I begin to read it, if it is satisfactory.

MR. COOPER: Q. Mr. Johnson, who prepared that Exhibit?

A. This was prepared by myself and Mr. A. H. DeWolfe and it is taken from authenticated records of the trade journals of the United States and Canada and that is all supplemented likewise by similar graphs from the Nordic countries. I would like to have you see it, if you don't mind.

MR. DREW: Can this copy be put in?

THE CHAIRMAN: Q. This document will be filed, of course, Mr. Johnson?

A. Yes.

THE CHAIRMAN: That will be Exhibit No. 27.

EXHIBIT NO. 27—Filed by Mr. Johnson: Chart showing pulp imports into United States.

MR. DREW: Q. Is there anything to indicate what the course of the graph has been since 1937?

A. No. That is extended only till then; it should be enlarged to the present time.

Q. One thing that strikes me about this graph, though the rise has been particularly rapid on all importations, the rise has been even more rapid on importations from Europe up to 1937?

A. Yes.

Q. And during the period that the increase has been coming there has been a decrease of imports from Canada?

A. Yes.

Q. It would be interesting if we could have a continuation of that right up to the present time?

A. I could have it done if you so care. This information was prepared about two years ago at the time we were asking for reduced freight rates on timber farther away from the lake shore. It could be very easily brought up to date. Unfortunately that is an old record, two years old.

MR. SPENCE: Q. Mr. Johnson, was there a time that Canada had practically all the importation of pulp into the United States?

A. Well, practically so.

Q. It is only twenty-nine per cent I see there now from Canada?

A. That is all.

There is a great amount of information in a small space there, Mr. Chairman.

THE CHAIRMAN: Yes.

WITNESS: Mr. Chairman, I have three more Exhibits which you might like to look at.

THE CHAIRMAN: Yes. I would like to see what they are first.—Witness produces some papers.

THE CHAIRMAN: Q. You might explain what this one is, Mr. Johnson, and then we will file it as an Exhibit?

A. What is its number, please?

Q. This will be Exhibit 28?

A. Exhibit 28 is a graphical representation of the United States imports of pulpwood from Canada 1908 to 1939 in thousands of cords—1908 to 1938—and also the average prices of peeled pulpwood per cord at point of shipment. It also contains a recapitulation of comparative freight rates on lumber compared with those on pulpwood as it affects the district of Timmins, Ontario into northern New York territory.

EXHIBIT No. 28—Filed by Mr. Johnson: Graphical chart U. S. import of pulpwood from Canada 1908 to 1938, etc.

Q. Then this next chart, which will be Exhibit 29?

A. Chart 29 is showing the building activity in Sweden, Norway, Finland, Germany and Canada as compiled from the report of the Economic Division of the League of Nations.

EXHIBIT No. 29—Filed by Mr. Johnson: Chart showing building activity in various European countries, etc.

Q. Then Exhibit No. 30 which you also file, Mr. Johnson, is a diagram showing pulpwood prices on all species, dollars per cord delivered at mill?

A. Yes.

Q. This refers only to the United States, Mr. Johnson?

A. That is all, yes.

EXHIBIT No. 30—Filed by Mr. Johnson: Diagram showing pulpwood prices on all species dollars per cord delivered mill.

WITNESS: I should like to explain that the city of Fort William has had now established for a number of years an Industrial Commission which is a duly authorized legal body of business men I believe by the City Council of the city of Fort William which operates under permission from the City Treasurer. I was preceded in chairmanship by Senator Patterson, served as vice-chairman for some time, and this is my second year as chairman of that Industrial Commission. There was a composium drafted by some of the leading men, which included labour, retail merchants, wholesalers, business men, lawyers, various kinds of industrialists, and this memorandum, which will be Exhibit 31——?

THE CHAIRMAN: 31.

WITNESS: ———is dated January 10th, 1939, at Fort William, Ontario, a memorandum presented to the members of the Government and other bodies by the Industrial Commission of Fort William, Ontario, with the object of increasing employment and improving the industrial situation in northwestern Ontario. This memorandum gave cause to the bringing together of the public bodies from White River on the east to the Manitoba boundary on the west including City Councils, municipal councils, reeves, Liberals and Conservatives, public service bodies, a very complete cross-section of public opinion in that entire north country. This report was acted upon, passed unanimously; it was later followed, as Mr. Nixon will remember, by a delegation coming to meet this Government about a year ago, while the Prime Minister was in Australia, it was for the purpose of stimulating interest of the governmental bodies of not only Ottawa but Toronto in some of the basic big problems affecting the timber and paper industry at the head of the lakes. I doubt if you people want me to read this; it is most basic in its analysis.

MR. COOPER: Q. What is the date of it, Mr. Johnson?

A. January 10th, 1939. It goes into our competitive advantages and disadvantages of Finland, Manitoba and Ontario on the question of power, transportation, labour, also the matter of unemployment, and it deals not only with the question of timber but likewise the industrial development possibilities in that great north Lake Superior country, which are timber and paper, agriculture, mining, furs, feeding, factories, experimental farms, research laboratories, surplus power, waste liquors, interswitching, oil pipe line from the west, colonization and building lateral railroads. We there suggest a possible key to the solutions of some of our unemployment problems and business stagnation. We feel there that we must intelligently arrive at a gradual economic evolution, otherwise we may be faced by a radical economic revolution:

> "Unemployment is a disease which feeds upon itself. Wholesale political relief destroys opportunity for restoring employment by penalizing industry with excessive taxation. It becomes an easy potion and generates more."

It was then recommended, and at this meeting, which was held in the chambers of the City Council of the city of Fort William, to the Hon. Peter Heenan, Minister of Lands and Forests, and we then stressed the necessity of a provincial industrial advisory committee being set up, and there are listed things which we feel should go into this problem, other suggestions made by this committee. I should like to make this observation: The control of our competative markets by virtue of the lowest world cost plan is perhaps one of the most salient factors with which this Committee will eventually be required to deal.

MR. COOPER: Q. What do you mean by that, the lowest world cost plan?

A. I mean by that this: For instance, in the question of sulphate pulp which is now being developed so extensively in the south, Sweden and Finland can lay down unbleached kraft pulp f.o.b. vessel Green Bay, Wisconsin, which is a mere stone's throw from our district, at $29 a ton, in normal times we cannot, because of our costs, produce it less than $41 delivered that point, a cost disadvantage of $11 a ton, even shipped from those Nordic countries.

MR. W. G. NIXON: Q. Is that because of cheaper labour, Mr. Johnson, do you think?

A. Well I didn't want to cover that part of it; it is contained here. You have several different factors involved in that: The average base rate of wages in the paper mills in Canada and the United States is about sixty-eight cents an hour. In Sweden it is about thirty-four cents an hour; in Finland it is about fourteen cents an hour. Our costs of power at the head of the lakes will vary from $16 to $18, firm dependable power delivered twenty-four hours continuous operation. The power in Finland, which is developed too with cheap Finnish money and cheap Finnish labour, they believe that they can deliver to their timber industries between $4.50 and $5 a horse power.

Here is a very vital point: You see the small canal size boats that the Welland Canal will admit, these two hundred and fifty-two feet long, the Norwegian boats carry most of the Canadian pulps sulphite and sulphate bleached and unbleached to the American market to the extent of 1,100,000 tons a year—

MR. COOPER: Q. The Norwegian boats?

A. Yes, the Norwegian boats, or the Finnish or Swedish, but the Norwegians have most of the boats that move the Nordic pulp into our country—it is hard to realize, gentlemen, that they move that pulp from Finland to Chicago at less than we move that same kraft pulp from Fort William to Chicago by rail.

MR. SPENCE: Q. By rail?

A. Yes sir.

MR. OLIVER: Q. Is that pulpwood exported from Scandinavian countries subsidized by the Government?

A. No, except this—it amounts to a virtual subsidy—their power is less, their capital also, that on account of their financial structure instead of paying five to six per cent they get money from two to two and a half per cent, so that if it isn't a direct subsidy it is of enormous assistance.

DR. WELSH: Q. Is that the result of that co-operative?

A. Yes.

EXHIBIT NO. 31—Filed by Mr. Johnson: Memorandum presented to Government et al with object of increasing employment and improving industrial situation in northwestern Ontario, January 10th, 1939.

WITNESS: I have only one more thing I would like to read on this and then I hope I will not take up too much of your time.

> "I have never been able to understand how anyone can believe that National prosperity can be aided by having less goods for more money, rather than more goods for less money;" also, "National wealth is to be measured in the sum of those things which labour and capital working together can make available for public use.

What is needed is not less, but greater freedom; not more but fewer restraints, both private and public; not higher prices resulting from private monopoly on government fixation, but prices constantly tending to a lower level and therewith to a broader market and larger number of buyers. We need not higher taxes and tariffs but lower taxes, lower tariffs and freer interchange of goods and services at home and abroad.

There is no health to be found in substituting for the efforts of free men, freely working out their own destiny.

Policies of action will bring enthusiasm, imagination and ability to this great national task, with great national benefits."

I feel that that is our challenge. I believe that if this Committee can give the amount of stimulation and can be motivated by the challenge of this industry that they will have made a real and profound contribution to the industrial stability of this province and the tremendous unemployment problem.

MR. DREW: Q. One of the things that would to some extent govern how far one tried to condense what you have to say would be the number of other people who are to follow you. Are there others from Fort William here?

A. No, I am the only one left.

Q. You are the only one?

A. Yes.

Q. Well, the reason I say that is this, some of the points you have raised there in that memorandum to which you refer I think are intensely interesting and extremely valuable because it seems to me that you have hit the nail on the head. The memorandum which you have put in as evidence indicated that up until 1937 at any rate the import into the United States of wood products from the Scandinavian and Baltic countries was increasing at an enormous rate, whereas the importation of wood products from Canada was decreasing. Now it is perfectly true that at least temporarily the imports into the United States from the Scandinavin and the Baltic countries may be limited, but as I see it any plan we devise must have in mind an industry which could withstand the renewed competition that will appear after this war is over?

A. Yes.

Q. Consequently I would suggest, if you are the only one from Fort William here, that you take a little more time, without necessarily reading the details of that, in amplifying your own viewpoint, because I realize you have spent a considerable amount of time in all of these Scandinavian and Baltic countries and I would like the picture put here before the Committee more fully and better than possibly from reading a memorandum as to what your impressions are as to our needs so that we may meet the competition which we will face after this war is over?

A. I would be glad to and I think I would only be ten or fifteen minutes more.

Q. Oh, well, I think at the next day—we sit again to-morrow. You are going to be here to-morrow morning?

A. Yes. I have a wealth of information I want to give to this Committee; it is only a question of how fast I can give it to you and not take too much of your time.

Q. As far as I am concerned I think it is extremely valuable.

Mr Johnson is speaking from personal examination of the method employed in these countries which are our own competitors in this particular business and I only suggest that any plan we devise must have regard to the fact that we consume a relatively small part of our forest products and that we must look to the export market either for our pulpwood or for the manufactured products of that raw pulp. Isn't that so?

A. Exactly.

Q. And that being the case then any plan we devise must have in mind the type of competition we will face when the war is over, and that type of competition as you indicate is a competition that calls for new methods of some kind in this country or we cannot meet it.

A. Quite right. You have a diversified timber crop and your problem is, how can you acquire the greatest stumpage realization of that forest crop, firstly, and secondly, how are you going to utilize the refuse to the greatest possible extent? This problem, intricate as it is, is being solved. Sulphating means a great amount of work in the perfection of the long, brittle fibre of the southern pine, lollipop pine, short and long leaf sugar pine. In the west coast it is surprising indeed what they are doing even with fir, larch, mancosa (?) pine, sugar pine, Idaho pine and spruce, and they are fabricating them into practically every kind of a product. It seems that it is getting to be in this position, anything that contains a cell—cellulose—anything that contains a fibre, that recent science of research has developed these intricate processes that they can make nearly anything out of anything that grows to be competitive with our Ontario forests.

Mr. Cooper: Q. That just brings up the point I asked Mr. Cox yesterday about, whether he thought the southern pine was a competitor of our forest products here and he said no. That is your opinion?

A. Well, I have something here that sets that out. Here is a report from the Paper News dated the 9th February, 1940.

> "The morning Shreveport Times and the afternoon Little Rock (Ark.) Democrat used paper from the recently completed Lufkin, Texas plant, for all the day's editions (Feb. 6), and reported that it met every expectation. The foreman of the Democrat's press room was particularly enthusiastic about the loblolly pine paper. He declared it "sweet running" and said it went through all editions without a web break, fed evenly, reproduced pictures clearly, took tension well and in many respects seemed superior to Scandinavian newsprint. The Shreveport Times also reported no breaks in the

entire press run of more than 50,000 copies, with type and picture reproduction clear."

That is a report on newsprint. Another report: This is a very important observation:

"The Forest Products Laboratory has recently made newsprint by mixing unbleached semi-chemical pulp from southern gum trees with groundwood pulp from southern pine,—the gum semi-chemical pulp replacing the more expensive sulphite pulp component of ordinary newsprint."

You don't mind if I take a little more time on that, Mr. Cooper?

Q. No. Go right ahead?

A. "NEWSPRINT. The R. F. C." (you know that is the Finance Corporation of the United States Government—Reserve Federal Commission)—

"The R. F. C. advanced $3,400,000 to finance a one high speed news machine in Texas now in operation. No doubt others in the south will be undertaken during 1940. Newsprint production was slightly increased in the U. S. A. in 1939. It is estimated 1,000,000 tons will be produced in 1940 with all existing mills running to capacity."

This is something that I would like to read but I would like to have off the record in as far as the press is concerned, if you don't mind, because you may think we are reflecting on the depression of your companies here.

"Ontario and Quebec are operating a considerable number of news machines built 25 to 30 years ago and are not competitive with the wide, high speed modern wide machines being built and contemplated in the South and elsewhere in the world. The groundwood representing approximately 83% of the furnish of newsprint is made for many of these machines on 3 and 4 Pocket grinders, which are not as economical to operate as the magazine grinders."

I would rather not read the next, because it is a criticism of certain Governmental policies that perhaps are right and perhaps wrong. Now, paperboard:

"PAPERBOARD production in the U. S. A. increased to 4,882,000 tons for 1939 as compared with 3,816,000 tons in 1938."

A million tons of increase in a year. (Continues reading):

"Why such an increase in one year? Because the South built kraft mills and made such a strong and cheap product for boxes and containers that wooden boxes were gradually displaced and goods formerly not packed are now using kraft boxes and containers. The cheap product got the business. At Port St. Joe, Florida, in operation over a year has produced over 100,000 annually with resultant low costs." (On one machine.)

"The Champion Coated Paper Co. placed in operation in Texas recently,

using southern pine a paper machine running 1,500 feet per minute on coated book papers the paper is made, coated and calendered by continuous operations. This is another example of high speed operation and low cost. There is no machine newsprint or otherwise running at the above speed in Ontario or Quebec and book paper is a much higher grade of paper than newsprint."

Does that answer your question?

MR. COOPER: Yes.

WITNESS: May I present one more Exhibit, Mr. Chairman? I have another Exhibit here; perhaps you would like to look at it?

THE CHAIRMAN: Q. I don't know exactly what this is, Mr. Johnson, but it looks like a questionnaire prepared in the United States—isn't it?

A. No, I prepared that myself, but preliminary to an investigation I conducted for an establishment on the west coast of the United States for some American financial interests, and at the time I was assistant to the President of the Minnesota and Ontario Paper Company, which I was with four and a half years, working with Mr. Backus on the Great Lakes and the M. & O. Papers and I submit that that is basic outstanding science in the interests of any problem and should perhaps be taken into consideration by anyone whether he is an economist, or any committee, and that it would have a tendency to giving a lead.

Q. Yes, but I am reading from the first page, "This questionnaire for economic and industrial survey is to be used as a guide for general studies of reconnaissance character, to be later supplemented by comprehensive detailed surveys of Alaska, British Columbia, Washington, Oregon and California, which, it is hoped, will greatly assist in the exploration and exploitation of known resources . . ." Do I understand the idea is that similar methods of questionnaires should be made relating to Ontario?

A. Yes. May I add this, Mr. Chairman, further on you will notice there is a newsprint questionnaire; there are two Exhibits really, together.

Q. Oh, yes?

A. I merely submit it for what it may be worth to assist you in anything that you might want to further develop into the question of a detailed economic survey of your operative international position and the Province of Ontario in this industry.

Q. It is a suggestion of what ought to be done in this province?

A. Well, it is done with all due respect—No, I am not able to build myself up that high, in being able to solve this problem; it is merely given to you hopefully that it might be of some assistance because that which is contained on these papers has meant to me about ten years of work in the compilation of all the supporting data and information which these things present, and I will give you this, Mr. Leduc, if you are interested.

MR. DREW: I think it is very relevant because what you are really doing there is digesting the methods which are employed in another area to produce efficient results. Isn't it?

WITNESS: Yes. I don't want to burden you with this, but I took it along, Mr. Chairman, these are four books that relate to and are the basic information supporting the questionnaire on newsprint which were gathered by me at the time. That group of properties represented maybe $300,000, the first proposed newsprint merger, including International Paper Company, and working with the Abitibi, Canada Power & Paper Company, Price Brothers, M. & O. and Great Lakes, and this was the basic material then reviewed. Now these materials I would like very much to offer to you people. It is difficult unless there is some guidance given you for it, but it would save a great deal of money and work; although it is ten years of age, still it is basic, as, for instance, this sheet, which has a description of every paper plant in Canada with all of the breakdowns of every part of those problems of every mill in Canada. And then likewise here, for instance, is a sheet setting forth the very power construction which was proposed by this merger which would include the Nipigon and Kaministiquia Power, the LacSouel development near Fort Frances, International Falls, Kenora Boundary Falls and these others. All this information was put on various maps to bring about a reset-up to the power set-up and all transportation and the supporting timber areas and the points to which that raw material would naturally gravitate for the purpose of fabricating and processing in transit to the market. I only referred to that because you were quite definite. There is a great mass of information these various companies had. This first memorandum may go in as an Exhibit, but not these books.

MR. COOPER: Q. You were saying, Mr. Johnson, about one of these charts showing the power set-up. Before I forget, there was a question raised here about the harvesting of the timber on the Long Lac area. Could that have been done without the diversion of water?

A. It could have been, but I think it would have been economically unsound if you did deliver the wood north, away from the market, and on rails where the rates are high for transportation of timber, as against movement of your wood along a natural watercourse as it continues towards the market.

Q. Were you here yesterday when Mr. Cox was testifying and gave some opinions about the water?

A. Yes, I was.

Q. About the wearing away of the banks?

A. Yes.

Q. Do you agree with him or do you not?

A. I do not. I have never heard that erosion in a river would have any effect upon the constant dependable flow of second cubic feet on a water run-off. Does that answer that?

Q. It seemed strange to me; that is why I asked you?

A. Because if you have a given drainage area, the precipitation and its drainage is not dependent upon the erosion of the banks; for instance, on the Black River, which drains the Long Lac concession, your power development is down near the mouth and that is absolutely based on hard rock, there can be no erosion of it because it is rock in place and there is where your power site will have to be.

Q. I take it you don't agree with Mr. Cox when he said there wouldn't be enough water there to run a washing machine?

A. No.

Q. Have you had any experience in that diversion work at Long Lac?

A. Prior to that I had, yes.

Q. Have you had any experience in driving logs down a canal?

A. No.

Q. Has your company?

A. I have—wait, may I answer it in another way: When I was assistant to the President of the Great Lakes Paper Company and at that time they owned the Long Lac limit, we ran a complete survey of the practicability of this diversion and our opinion was it was practical, and has proven such.

Q. And you believe it to be practical?

A. Yes. There will probably be experienced some slight difficulty on putting more water through a given channel away from its natural established banks, but it is only a matter of time before those banks and this water-course become established.

HON. MR. NIXON: Q. Have you any personal knowledge of the operation since it has taken place?

A. Yes.

Q. What is your opinion on that?

A. I have flown it and walked it and been over the property and I think the first two or three years there are going to be some difficulties, it is going to be expensive, but it is going to be worked out, it my opinion.

Q. It will be expensive?

A. Yes, but it will gradually become competitive in cost.

MR. SPENCE: Q. Is there sufficient flow there?

A. Yes. I think about 3,000 cubic second feet. The Hydro can give you that better than I can, however.

HON. MR. NIXON: Q. But there have been successful driving operations on it?

A. This one year. Well, Mr. Nixon, you say "successful." I would say they were higher than they should be, but that is the difficulty of the first year or two, you see, until they get their side piers and their glance booms and their driving trails. It is always expensive to open up new country for the first year or two.

Q. But no insurmountable expense?

A. No.

Q. Did you want to deal with any of these other statements or charges?

A. I should like to.

THE CHAIRMAN: It is now three minutes to adjournment. This perhaps might be a good place to adjourn.

MR. COOPER: Q. Just one question, Mr. Leduc, because I may not possibly be here to-morrow:

There was something said by Mr. Cox about the location of the Lake Sulphite plant—I don't want to open up a new thing—?

A. That is quite a long story.

Q. You heard his evidence?

A. Oh, yes.

Q. That the plant in his opinion should have been located at the head of the lakes, Port Arthur probably?

A. Well each person is entitled to his own opinion. I bought that property myself upon which this mill is located in 1921 for the express purpose of having practically the only available site for the development of that tremendous watershed by the Nipigon.

Q. Which would be the more economical site, where it is or at Port Arthur?

A. In cost? Where it is, with the possible exception of the lumber business. The lumber business seems to be at Port Arthur or Fort William and I have to go into that in detail a little bit. You would wonder why it would be so in one and not another.

HON. PETER HEENAN: Q. What would it cost, Mr. Johnson, to tow say 100,000 cords to the head of the lakes?

A. From where?

Q. From the Nipigon?

A. Heron Bay?

Q. Heron Bay.

HON. MR. NIXON: Q. Is it 200 miles by water?

HON. MR. HEENAN: Q. No; I was thinking about Lake Sulphite hauling their timber from the limits on which the Lake Sulphite is predicated to Port Arthur. What distance? About 75 miles, is it?

A. It is more than that. You see it is quite a practical thing in there because you can't go through, in order to do your hauling you have to narrow your raft down to a 3,000 raft as against a 10,000 and the breaking and taking up of that raft and the distance involved makes it quite an expensive proposition to tow from Nipigon to Port Arthur; you can tow from Heron Bay to Fort William about as cheaply as you can from Nipigon, about half the distance, due to the physical layout of the country.

Q. According to your testimony this morning I take it for granted that you are sold on the cutting down of the costs?

A. I certainly am.

Q. In no matter which channel?

A. No, I say in all channels if possible.

Q. That is what I meant, in all channels, in order to get down to the lowest cost of production for the finished material?

A. Yes.

Q. In this situation would it help, if the Lake Sulphite mill was forced to be built at, say, Fort William or Port Arthur, to tow those logs up to the head of the lakes and pay extra taxation to the city and all those extra costs that go with it—would that help on the reducing of the costs?

A. No, I think it would cost you to produce the product in Port Arthur as against the site at Red Rock between four and five dollars a ton more. You see the basic question involved there, the break or the march of civilization and industry, is purely raw materials. There is a divergence of opinion; some say that you should build your mill in that bush, some say that you can put them in several centres; each case of course must be analyzed on its own merits. But I think it was felt, and I have felt that way since 1921, that that tremendous reservoir of practically untouched timber which naturally gravitates to the harbour there to be continued in transit and dispatched by water east had tremendous economic advantages, and I think so still. But I think there are a few fundamental factors that are basic economically that are holding up the reorganization of Lake Sulphite; until that is done you are going to have no development in that north country—it cannot be done competitively—that is where some real drastic changes will be required to be made to put these areas into production competitively, otherwise it never can survive.

THE CHAIRMAN: Q. I want to put in this Exhibit that you have prepared, Mr. Johnson, No. 32, which will be (a) the questionnaire for economic and industrial survey, and (b) a questionnaire on newsprint properties.

EXHIBIT No. 32—Filed by Mr. Johnson: Questionnaire for economic and industrial survey; questionnaire on newsprint properties.

Mr. Draper tells me there is a witness here—

MR. DREW: Mr. Johnson is going to be here tomorrow?

WITNESS: Yes. You haven't let me get through yet.

MR. DREW: There are a lot of questions I want to ask you.

THR CHAIRMAN: Is it the pleasure of the Committee to sit right along and hear this witness?

MR. W. G. NIXON: How long will he be?

THE CHAIRMAN: I understand he will be short,—Mr. McNutt.

MR. DREW: I want to make one point clear before we close to-day, having regard to the discussion that took place earlier; I don't want any misunderstanding on this point: Any remarks that I have made this morning are no reflection on the reporters, who have been giving excellent service during this enquiry, and in that I include the reporter of the Toronto Daily Star, but when I said that I believed the Attorney-General should consider laying a criminal charge against the Toronto Daily Star, which would of course include a charge against the proprietor, I was suggesting that a charge should be laid under Section 317 of the Criminal Code for defamatory libel, and I am basing that on the complete distortion of the evidence by false headlines and sub headlines in the Toronto Daily Star for which the reporter of the Toronto Daily Star certainly is not responsible; I want to make that perfectly clear, that I am referring to a continuing practice of the Toronto Daily Star in falsifying news by false headlines.

JAMES WESLEY MCNUTT sworn, examined by Hon. Mr. Nixon.

Q. Mr. McNutt, I understand you have some first-hand knowledge as to the operation of driving logs down the Long Lac operation?

A. Yes, I have. I am Manager of the Long Lac operation and spent an unusually large proportion of my time last summer in the actual conduct of driving operations and I can state from my own experience that the diversion scheme is entirely feasible, that the driving of the diversion is an economic operation and the drive of the lower Black River below the diversion is—the operation of driving on that lower Black River is considerably improved through having the diversion there.

Q. By the increased flow of water?

A. By the increased flow of water from Long Lac.

HON. MR. HEENAN: Q. Just one question on that, a thought that didn't strike me before, or at least if it did it had left me,—I haven't had the pleasure of meeting you before but I want to ask something which I consider a very important point. The Provincial Paper Company's mill that is located at Port Arthur has a timber limit on the lower reaches of the Black River. Now, in your opinion and experience will the diversion of that water benefit the Provincial Paper Company's driving their logs down to Port Arthur?

A. Very decidedly.

Q. So it benefits two companies now?

A. It benefits them and anyone else who is driving timber products on that river, in this manner, that the bottleneck, that is the limiting point on the drive, is the gorge below the C. P. R. bridge through which I believe—I have not this information officially but I believe that those drives which were carried on prior to our driving operations were subject to a limitation of about 500 cords a day through that gorge; we are handling above on the diverted flow, we are able to drive a thousand cords a day or 1,200 during the longer days of the early season.

HON. MR. NIXON: Q. And how much did you actually drive?

A. We drove through the diversion 32,000 cords.

Q. And how long did it take to do that?

A. It required a period between the first week in June and the end of September, but the limitations, or rather the limitation of that operation, was not the capacity of the river to carry wood, it was the rate at which we could deliver wood to the river by tug-boat.

Q. What do you do with the logs after they are delivered from the river into Lake Superior? Do you boom them at the mouth of the river?

A. They are boomed at the mouth of the river and in this particular case were rafted to Jackfish Bay, that is ten miles east, approximately ten miles east of the mouth of the river.

Q. What did you do with them there?

A. They were loaded on board vessels.

Q. Then you did not raft them all the way across the lake?

A. Oh, no.

HON. MR. HEENAN: Q. The reason of towing them from the mouth of the Black River to Jackfish Bay would be because there was quite a nice calm little sheltered harbour there?

A. That is it, exactly; we required pretty good shelter in order to carry on continuous loading operations there.

Q. Do you know, Mr. McNutt, that the Provincial Paper Company whose mill is located at Port Arthur and who operates in that same river has agreed to give the Province some remuneration, perhaps not quite concluded yet, for the water when they are driving from the limits?

A. I did not.

HON. MR. NIXON: Q. Have you anything else to tell the Committee?

A. Nothing further unless there are questions which anyone would like to ask.

MR. DREW: Q. You are woods manager of the Pulpwood Supply Company?

A. That is right.

Q. Are you here by the invitation of the Pulpwood Supply Company or of the Enquiry?

A. I just happened to be present this morning and a representative of the Government mentioned that I might take the stand.

Q. So that it was on the invitation of a representative of the Government that you came?

A. Yes.

MR. DREW: I haven't anything further.

THE CHAIRMAN: Thank you, Mr. McNutt. Well then the Committee will—

By MR. COOPER: Q. Just a moment, I have a couple of questions: What is the capacity of the stream? How many logs a year can they run down there—how many cords of pulpwood?

A. The limitations of the stream are so great that we will be—that the limiting factor will not be the capacity of the stream to carry wood, but our capacity to deliver wood to the stream, that is by mechanical towing equipment.

MR. DREW: Q. I think you said the limitations of the stream are so great?

A. I shouldn't say that; I should say the carrying capacity of the stream is so great that that is not the limitation.

MR. COOPER: Q. You weren't here when there was some evidence given about erosion of the banks yesterday?

A. No. Of the Black River?

Q. No, on the diversion of the canal?

A. No, I wasn't here yesterday.

Q. What is you opinion? Do you notice that there is an erosion of the banks?

A. No, there is scarcely any perceptible erosion, except of the very finest material that is in that. You know there is always a mixture of material, which runs from silt to large boulders, and the finest material in which is washed away, but the shape of the bank is not changed in any way during the first year's operation.

Q. And you have continuous flow of water the year round, you don't have to depend on the spring freshets like you do in other streams? Isn't that true?

A. We could have.

Q. You could have?

A. Long Lac is a reservoir, an ordinary reservoir of water, which permits that sort of operation.

MR. DREW: Q. When you say you could have, at present have you?

A. No. At present the dam is closed; we don't require the water so the dam is closed.

Q. With the dam open is there adequate water for floating all the logs you require?

A. There is adequate water for all the logs that we will ever be able to take out in one year, or ever want to take out.

Q. What will be the average depth, is it a deep stream or otherwise?

A. The Black River or the diversion canal itself?

Q. Well the diversion canal itself and the Black River?

A. It is of a very irregular depth; there are fast water-courses and there is a section six miles long averaging about 40 feet in depth and very slow flowing.

Q. As I understand it you are only expressing an opinion as to the facilities of this stream for floating logs, you are not expressing an opinion in regard to the power possibilities or anything of that sort?

A. No, I have no regard to power possibilities.

THE CHAIRMAN: Thank you, Mr. McNutt.

The Committee stands adjourned until tomorrow morning at 10.30.

(At 1.10 p.m. the Committee adjourned until Saturday, February 24th, 1940, at 10.30 a.m.)

TWENTIETH SITTING

Parliament Buildings,
Toronto, Saturday, February 24th, 1940.

Present: Messrs. Leduc, Chairman; Cooper, Drew, Elliott, Heenan, Nixon (Brant), Nixon (Temiskaming), Oliver, Spence, and Welsh.

THE CHAIRMAN: Order, please.

Mr. Johnson?

EDWARD E. JOHNSON; Recalled.

Yesterday Mr. Cooper asked a question about the southern situation and its possible further competition. I would like to implement the information I then gave by further information, if I may.

I have before me a letter which I would like to have Mr. Leduc see, as Chairman.

THE CHAIRMAN: Very well.

Who is this gentleman who signs the letter named Charlton?

THE WITNESS: He is a graduate of McGill; a former Canadian citizen; previously vice-president of the Canadian International Paper Company and president of several subsidiaries of Canadian International properties before he went with that company.

THE CHAIRMAN: Well, Mr. Johnson, this is expression of opinions by Mr. Charlton, who is evidently very well qualified from what you have just said.

THE WITNESS: Yes?

THE CHAIRMAN: But it is not evidence unless he testifies as to these conditions himself. I do not believe we should accept this letter.

THE WITNESS: Very well.

THE CHAIRMAN: If you have any personal knowledge of any of these facts, the Committee will hear you.

THE WITNESS: I have, yes.

THE CHAIRMAN: Then, it is all right.

THE WITNESS: Thank you.

On the matter of the competitive relationship of southern pine to the present

Ontario problem, I should like to make a statement which I feel is quite material in the matter of competitive costs.

In the first place, I have personal knowledge of the functioning of the Crosset Paper & Lumber Company at Crosset, Arkansas. The development of that company and its subsidiaries is predicated on a complete utilization of the forest crop by diversified industries such as papers, chemical pulps, lumber, chemical industries and several related businesses.

For instance, there in Arkansaw, they are blessed with natural gas, which gives them a price per thousand pounds pressure of steam of seven and a half cents. The price of an equal quantity of steam generated at the head of the lakes by steam is thirty cents per thousand pounds.

THE CHAIRMAN: Generated by what?

THE WITNESS: By coal; but the price of steam per thousand pounds generated by electrical stand-by power which you get from Hydro, is eighteen cents per thousand pounds.

THE CHAIRMAN: So, the prices are seven and a half in the south, thirty if you use coal and eighteen if you use stand-by power?

THE WITNESS: Yes. On the question of comparative wood costs, this is pre-war. All the remarks which I am making are on pre-war periods. Comparative wood costs at that time were $3.75 per 128 cubic feet, which is our recognized legal cord.

The average price of wood at the head of the lakes I would say during the same period would be $9 per cord. Of course that is different wood for different purposes. Next they have an advantageous freight rate to their northern consuming customers, principally in Chicago and Detroit as well as Milwaukee and St. Louis where an enormous amount of coarse paper and liner board is used for the industries there, particularly the brewery business.

Then too, the cost of construction in the south is considerably lower; first, because well built and well-constructed buildings are not required; next, there is heavy duty on paper mill machinery, principally made in the United States, coming into Canada; next, their labour schedules are decidedly less. That much, then, implementing Mr. Cooper's remark.

MR. COOPER: This pine you are speaking of is made into sulphates, is it not?

THE WITNESS: Yes.

MR. COOPER: Suppose it were made into sulphite, we have in this country, twice the amount it would take to make it into sulphate.

THE WITNESS: I have heard that remark made. I have tried to check it by the development in Florida at Ferdinand by the Nayander Mills, who have recently built a new bleached sulphite mill manufacturing a rayon type of alpha and beta cellulose, which is a very high grade. That company now manufactures

with its west coast mills sixteen per cent of the rayon grade of sulphite in the United States market.

It has been thought by us who have been interested somewhat in the paper industry that the southern pine would never admit of profitable operations for sulphite purposes. That, however, is not true now.

I understand, though, that the pulp they are now making is expensive, but how it compares with a similar grade of bleached sulphite from the Northern mills, I am not sure.

MR. COOPER: How long does it take a pine tree to grow to maturity?

THE WITNESS: Well, there is a great deal of difference of opinion on that because the yield of a forest is dependent upon so many factors: selective cutting, thinning, proper ditching, precipitation, climate, that it varies greatly.

I know on the Pacific Coast and the Pacific States they there have an annual increment of as high as two and one-half cords per acre per year, but there they have 132 inches of precipitation.

In our country, ours averages 32 inches of annual precipitation.

In the South it varies tremendously but there they have an annual increment from one-eighth of a cord per acre per year up to as high as two-thirds of a cord per acre per year. Answering your question directly, it is accepted that their forest acres can be cropped every twenty-five years.

MR. COOPER: What about our spruce areas in Ontario?

THE WITNESS: There, of course, you are faced with a similar problem of all the different elements which go to assist in the growth of a tree.

In some of the cold swamps around Timmins, for instance, you will find that the increment there is practically microscopic in some of the cold frozen swamps. I have seen trees in the territory north of Timmins,—timber not over six inches which would be over 250 years old. I have seen trees within a short distance of the same frozen swamp which would have favourable growth surroundings, where you would have an increment, likely of a cord per acre per year. It is that question of the various different natural influences upon the various growth; it is hard to get a general average, but you have asked a very material question which I hope to bring up in some of my later observations. I believe after the mature accumulated two hundred years of growth has been harvested and silviculture is adopted in Canada similar to what is being practised in the Nordic countries with their centuries of experience in timber maturity, that the sustained yield of our forests can likely be augmented by as high as one hundred, two hundred or three hundred per cent per annum.

MR. W. G. NIXON: What do you think of reforestation work in the North?

THE WITNESS: I think it is a might important problem. That question

of silviculture has a very fine line of demarkation between a successful experiment on the basis of money yield, compared with the sometimes expediency which a problem requires, and that may mean cutting beyond the annual maturity; that is, I mean the total maturity; but I would say that your real challenge now is the harvesting of your mature timber, the accumulation of these centuries, and my estimate is that in the one hundred million cords of wood that is tributary to the Great Lakes Superior region, which is west of the Sault, and east of the boundary between the district of Thunder Bay and Kenora, there you have a present maturity of thirty million cords of wood which is the equivalent of fifteen billion feet of lumber. That is your principal challenge now.

The question of these mature areas, to get them to cut more, and the matter, too, of you immature timber, of thinning and draining, and the likes of that, I have always thought that so much of your relief labour could profitably be used to get your young forests as well as your mature forests on the basis of the maximum yield per acre, and then too, of course, there is something much more fundamental than merely the harvesting of your crop. There is, tco, the matter of control of your water run-off, the matter of your power development, the question of game and fish livelihood and the encouragement of tourists. All those problems are so fundamentally interrelated that it is difficult to think of one without the other.

MR. DREW: I assume from what you say that you do not believe we are doing all we can in that direction at the moment.

A. No; that is true; but it is not the question exactly of what you could do, it is a question of what will give you the greatest maximum return at present, and then from a financial viewpoint, and the practice, which should be adopted as a permanent policy, of silviculture.

MR. W. G. NIXON: What about artificial tree-planting then?

THE WITNESS: You are getting into a very broad question. I would like to answer it as well as I can. In the vegetable and animal kingdom, the persistency to live, the persistency of self-propagation, where these forests have through the centuries and have been able to re-establish themselves, if a forest is given a favourable seed bed, and you cut that, except perhaps three or four of the strongest species of trees on a given acre, that persistency to live, that persistency to propagate, if you keep out fire and parisitic bud worm infestation, that is you biggest challenge. That is your biggest problem.

Now, on the question of tree-planting, for instance, in Sweden and Finland I was impressed by this policy: As the children came through school, and as they were starting to school, each child in that school was required as a matter of tradition and custom to plant as many trees each year as the number of years they were old. You can see how accumulative that is in its results, and how it educates the public to become raw material and tree-minded.

On the practicability of artificial planting I feel that in some instances it is quite necessary; but, however, in this north country where you have a very long cycle of timber maturity it is questionable how practical it is to at this time do more than this government is now doing.

The foresters of the province, like Mr. Zavitz and the rest I believe, it is very well fortified in that kind of work, and too, the fact that all these different trees are available to people, running into millions of years, is a mighty fine development. It should be encouraged, but within the bounds of reasonableness.

MR. ELLIOTT: Do the larger operators practice selective cutting?

THE WITNESS: No, we have not to the degree that we should have. This is maybe due to our lack of right conceptions of forest propagation, and then too, sometimes economic necessity dictates that we do certain things when perhaps it may not be right to so do, but I think you will find every operator, large and small, is raw material minded. I think if you ask any man who has operated in this province as to their opinion about it, I believe it would be similar to mine.

MR. ELLIOTT: It would not increase the cost of cutting if the larger operator would cut out two or three of the big trees, say, where they are cutting pine.

THE WITNESS: There is only one question about that. If you cut away the supporting timber, the undergrowth,—if you are cutting pine, for instance, and you have an undergrowth of birch and popular and other species, if you cut away too much of the supporting timber you are apt to have pronounced windfall. With the three or four trees, where you cut away the supporting foliage, severe windstorms may blow down those trees. That is the risk you take. You may not want to go so far as to cut only the large mature trees; you might want to cut trees 25 or 30 years old. They can better withstand windstorms than the bigger trees.

HON. MR. HEENAN: According to your evidence you said that so many millions of cords are now matured in the north country of Northern Ontario?

THE WITNESS: Yes.

HON. MR. HEENAN: Do you think it does the forest any harm by exporting raw pulpwood to the United States?

THE WITNESS: Well, may I take up that question on the question of general export policy? I think I have all your questions anticipated, but I am so glad to take them in the order in which you bring them up.

MR. OLIVER: You spoke earlier about there being a substantial duty on imported mill machinery?

THE WITNESS: Yes.

MR. OLIVER: Is that machinery manufactured to any extent or is it available in Canada?

THE WITNESS: Yes.

MR. OLIVER: It is?

THE WITNESS: Yes. Some of your Berlin paper machines and your pulp

machinery of a standard quality are available in Canada, but some of the refined equipment, there is not sufficient demand in Canada to permit any manufacturing institution to have that machinery and usually the Canadian machinery is as much more expensive in price than the American machinery, the difference being the duty.

HON. MR. NIXON: You have been engaged in export operations?

THE WITNESS: For twenty years.

HON. MR. NIXON: The export of pulpwood?

THE WITNESS: Yes, the export of pulpwood.

I have tried to list here the advantages and disadvantages of an export policy. I shall read first the effects on the province: First, increased departmental revenue; second, increase in the employment of labour; third, the creation of new wealth which would assist in the balancing of trade between the United States and Canada in normal times, and perhaps it is of more importance at this time of war; next, it creates better prices for domestically used settlers' wood; next, it has quite a decided effect upon stabilizing labour, because it gives more continuity of employment.

MR. SPENCE: Better market, too.

THE WITNESS: Better market, too.

Now, on the question of continuity of labour, if you will let me digress for a moment, because it is akin to the question of export: I think that the basic rates, the unit rates, the hourly rates or the piece rates at the head of the lakes are entirely out of line in the matter of competitive wage schedules. However, I am a strong advocate of labour getting every possible cent the traffic will bear. Where you have only the production of rough wood which the local mills use for newsprint, you have then practically only a five or six months' employment period.

On the question of sap-peeled wood, you are increasing that labour period by at least another three months.

Then, too, the matter of diversified timber industries, consisting first of the saw mill industry, next, the chemical pulps, which include, the sulphate and the sulphite bleached and unbleached, landing timber, trench timber, railway ties, piling, poles and the like, I believe it will be possible, instead of having a five months' period of employment, with our high costs, a man's annual earnings should be on the yearly basis and what that annual result in wages will buy for him that year.

MR. COOPER: Just at that point, Mr. Johnson, when you talk about sap-peeled wood, you mean that you peel the wood while the sap is in it?

THE WITNESS: Yes.

Q. And what period of the year do you set aside for that purpose?

A. We start putting our men into the bush for sap-peeling operations on the 15th of May. You have them there in readiness for the commencement of the running of the sap, because we must get our production in a short period of time and ordinarily a man who comes from the city requires time to hang his axe, to file his saw and to get his belly full, and when the sap begins to run about the 20th of May it usually continues until the 5th of August. The practice is to cut as much timber as possible during the sap-peeling season. Then when the sap sets or becomes such you can no longer remove the bark, from the 5th of August until the 15th of August they pile their wood, so you have three months of continuous employment during that time.

MR. SPENCE: Extra employment.

THE WITNESS: Extra employment, yes. It assists in finding a market for the large existing accumulation of mature timber. Next, I feel that a forest crop with its regular cycle of maturity should have applied to it the same basic principles of free and open trade as any other crop of a lesser cycle of maturity. That free and open market, as long as your local industries are not starved for their basic raw material, can be handled simultaneously.

Then too, as a matter of principle, it has been suggested by too many, and I think too, that there is merit to the conclusion reached, that over the long time perspective which governments must take in the handling of its raw material, that embargoes may be a temporary relief at times, but I feel we are faced with the question of economics basically, that there can only be a gradual transition towards the complete local use of our forest wealth, from taking the tree out and around, and pulpwood, to setting up that necessary business advantage which is going to attract capital by virtue of the fact that any industry they may build would be able to maintain itself competitively on its own merits in the markets of the world rather than by subsidies or embargoes or other artificial advantages for restrictions.

MR. COOPER: In other words you are a free trader.

THE WITNESS: Well, it is to a certain extent, but where you are trading with raw materials it is not a question of a mere province, large and important as Ontario is, but on the matter of international trade, when you consider that the total combined chemical pulp consumption in the United States and Canada is eight million tons a year, and the world consumption is sixteen million tons a year, I cannot quite follow that Ontario can do other than fit itself properly into that international competitive perspective.

HON. MR. HEENAN: In other words, I take it that you mean if we cannot get manufacturers to manufacture in Canada and sell profitably, there is no use of cutting off our nose to spite our face; we should make the best of a bad bargain, export our pulpwood and make money in labour.

THE WITNESS: Yes.

THE CHAIRMAN: Q. I think you said a moment ago,—and I do not know whether or not I remember your words correctly,—but you mentioned a case where there might be regulation of nature material?

A. Yes, sir.

Q. Is there such a situation at the head of the lakes?

A. Yes, very basically, but not only at the head of the lakes, but all that territory in northwestern Ontario from the Sault straight through to the Manitoba boundary, which includes Patricia, Kenora, and Fort Frances.

HON. MR. HEENAN: Q. It is your opinion that if we put on a prohibition against the exportation of pulpwood, by that very act alone, it would force industries to come to Canada and Ontario?

A. No, sir. I think it would have no appreciable effect. It may have a little effect here and there where some particular mill had a particular necessity for round wood,—round spruce wood,—but it would be very limited. May I implement that?

Q. I was going to ask you another question because evidence has been given to this Committee to the effect,—I am not reading from the evidence, but it is recent,—that some mills would have to come over to Canada, that they are actually using anywhere from 70 to 90 per cent,—and one mill using 80 or 90 per cent—of Ontario raw material.

THE CHAIRMAN: You mean an American mill?

HON. MR. HEENAN: Yes. And consequently that mill could not live unless they got that raw material from Ontario.

THE WITNESS: Well, I cannot see, sir, whether a mill gets ten per cent or 100 per cent, that it makes any difference in the fundamental conception of the problem.

Answering you question more directly, Ontario has very pronounced competition from the West Coast of the United States, principally because their sulphates and sulphites and papers are made from the refuse of sawmills.

I did not want to get into the sawmill question, but you have asked about a point which is mighty material.

MR. DREW: But that is shipped to Wisconsin mills in the form of sulphate or sulphite, is it not?

THE WITNESS: Yes, and I am getting to that.

On the question of the sawing of a log, the cubical content of that log only results in the fifty-five per cent of the quantity of the cubical content. The other forty-five per cent comes in sawdust, chips, slabs, edging and trim. Now, those slabs from sawmills, where you have so many of them on the West Coast, are taken directly from the sawmill into the chemical plants, the same as in the Nordic countries, and in the Nordic countries they use every ounce of that forty-five per cent residue from a saw log.

MR. SPENCE: They use the whole log.

THE WITNESS: That basic conception in the matter of diversified timber industries, I believe, is really one of the outstanding reasons why the Nordic countries, with their centuries of mature timber experience, have been able to take our tributary markets.

Referring to Mr. Drew's question, understand that the forests of the Nordic countries are about half spruce and about half pine, with some other inferior species, like aspen, birch and what not. Where they can lay down in Green Bay, Ashton, Milwaukee, Chicago, Detroit, Cleveland, North Tonawanda, or where not, the various kinds of chemical pulps to the conversion mills of the United States at less price than that same grade of chemical pulp produced in Canada can be, then you see that the questions of the chemical pulps are a real problem. The moment you cut off the export of wood, what happens? Where the growing of trees is world-wide, it throws them into the utilizing of their own tributary woods, and then too, they will buy their basic raw material elsewhere.

MR. DREW: What is the duty against our chemical pulp?

A. None at all.

Q. If that is so, why can we not compete better on the basis of chemical pulp than on the basis of the raw log?

A. Well, you have so many questions involved in that. In the first place practically all the northern mills in the United States have been in existence thirty or forty years. They have their mills practically written off. They have no financial structure to maintain. They have a well organized sales promotion policy adopted. They have tributary markets, and next and most important, there is a duty on the papers which the conversion mills make from either the raw pulp or from the chemical pulp. I feel that the Northern mills in the United States are in a very difficult financial position.

Q. You do not mean that there is internal duty?

A. No, there is no internal duty.

Q. When you refer to "duty," how does the question of the duty on paper enter into it? The point I raise is this: As I understand your point, you were facing the competition in chemical pulp from the Pacific Coast?

A. Yes.

Q. And my question was, while if that is the case why cannot we, in view of the fact that there is no duty against it, ship chemical pulp in Ontario just as well if not better than they, if they can ship it from the Pacific Coast? In the explanation you gave you mentioned duties and certain types of paper and I did not get the connection between the two?

A. I did not get that quite clearly to you.

The companies at the west coast, by their basic cost to their consumers, even in the Great Lakes District, as well as from the south and the Nordic

countries,—are able to put their pulps into the north mills at less than it can be produced in Canada, means that none of these mills can develop in Canada until the backers of those projects are given costs equal to those they can buy from others.

Q. Then your point is that making these chemical pulps from their waste material is a cheaper basis than that which we can use here?

A. That is part of it. That is not altogether true on the west coast. I am glad you brought that up because my statement might be misinterpreted. I do not want to give the opinion that all sulphates and sulphites produced on the west coast are made from refuse, nor in the Nordic countries entirely from refuse. It is merely an added economy which we have not as yet developed in Canada.

Q. You mean that by the use of this waste material, or refuse as you call it, that by bringing that in with the ordinary wood, you reduce the unit cost when it comes to selling?

A. That is right; not only that, it is not only the question of the chips, it is the question of the hog,—you know, the hog which is ground up,—the fuel resulting from the refuse of the log, which consists of the slabs and the sawdust and all that; they use that refuse, too, for the generation of steam, you know, so it is more or less taking the squeak out of the tree the same as they take the squeal out of the hog in the packing industry.

HON. MR. HEENAN: I think you have put your finger on our troubles.

MR. DREW: In order to get that point clear, because it strikes me as an extremely important point: As I understand it, the very heavy importation into the United States from the Scandinavin and Baltic countries during recent years has been largely made up of chemical pulps or chemical products of one kind or another?

A. Into these countries, but not England.

Q. Into the United States from the Scandinavian and Baltic countries?

A. Yes.

Q. And in the graph which you produced yesterday, it showed a very rapid increase in the importation to the United States of that type of material. In view of the fact that we are just across Lake Superior from many of those mills, it seems to me that if we get our operating costs down to a reasonable point we certainly should be able to ship chemical pulp into the United States having regard to the short water trip, as compared with the long water trip from Scandinavia, and such other countries, and the internal water trip necessary in bringing it up the river St. Lawrence and the Great Lakes?

A. Decidedly, yes.

Q. That being the case, it is not possible that we might be able to expand

the manufacture of sulphite and sulphates in this country at least, even though we do not get to the final stage of producing newsprint in much greater quantities?

A. Well, your statement involves so many factors. The consumption of newsprint is fairly constant, with an annual added demand of may be two and a half per cent. You see, are we not faced with a question of regaining our markets now as a result of this war, which we lost as a result of the last war, when we were fluctuating internationally on a question of adverse exchanges, and other international influences beyond our control? The additional markets outside of newsprint have a real significance, because where the Nordic countries ship to England every year two and a half billion feet of lumber, and perhaps two million tons of sulphate and sulphite, and a million and a half tons of chemical pulps into the United States, in the remarks made by members of this Committee that there are new channels of trade resulting from this war, the particular thing in a trade with the British Commonwealth of Nations as well as the United States, of this enormous amount of added forest products, which reduced to cords, would probably mean an additional market for your mature timber of twelve million cords a year.

MR. DREW: Q. Well, but, Mr. Johnson,—I don't want to raise my own views at the time you are giving evidence, but just to indicate what I have in mind when I ask the question—I might indicate that this is the thought that has grown in my mind as a result of a good deal of the evidence I have heard and other things that I have been reading, first, that at the present time we are too closely bound to certain fixed ideas in regard to the use of our forest products and that there are on the one hand new methods of utilizing, or new ways in which those forest products can be utilized, and that also there are more efficient ways of utilizing forest products for the very types of industrial production we now have, and that while it is quite true that we cannot suddenly make mills of one kind and another sprout in the north country like mushrooms just by the device of putting an embargo against exportation, that by some form of encouragement of new methods of industrial utilization of our forest products we can increase the amount of steady employment in Canada; that in the broad outline is what I have in my own mind?

A. That is true; that is very necessary as part of the problem, but you have in addition to that your basic costs in stumpage, in power, in labour, in freight rates—labour in continuity of employment—you have the year's return as a basis rather than the annual or piece return—financial structure, scientific development, diversification of your industries; there are a lot of interrelated factors that go into the question of costs, or your all-in costs.

Q. Yes, but what I am getting at is this, it was something along that line that I had in mind when I suggested a conference of various interested parties because it seems to me that if there is to be an effective employment of the resources we have it must be by building together a mosaic of entirely different interests so that they fit together in this one picture, which is the use of forest products, and what I have in my mind is this, we should be seeking now in the early days of this war to be finding some sound basis upon which we can create new uses of our wood products, and it seemed to me in connection with that that by bringing together these various interests there might be some way of producing larger quantities of economical wood products and shipping them to the United

States instead of necessarily sticking to this hide-bound idea of finishing it in the form of newsprint or some other finer product in Canada?

A. That is right. In connection with that, Colonel, you have the facts that in Canada we have been newsprint minded instead of timber and basic raw material minded; we have, instead of predicating the industries on the forests we have predicated the forests on the industries. By that I mean we go ahead and build a plant and usually we are are not going to get any clear knowledge of analyzing the basic crop of all the seven species and saying, "What diversified industries will those species support?"

You have the same thing in International Nickel, for instance. International Nickel now, I presume, produces seven or eight different kinds of minerals. If they were to take out now only nickel instead of all the basic minerals you would have quite a different problem. So that the big outstanding thing is the matter of diversification.

HON. MR. HEENAN: Q. May I ask a question before you go on:

A. You are coming so fast—

Q. It is right along the line you are answering Col. Drew. In other words, we are trying now to rectify the mistakes of the past. We are not diversified enough in our production. In your opinion, if the present mills, that is newsprint mills that have been established over a period of years, had they in the beginning gone in for the diversification in the utilization of our forests, such as chemical pulp, higher grade pulp and board, lumber and all that kind of thing, they could have manufactured at a much cheaper cost than they are manufacturing to-day and utilized all the species of the forests?

A. Yes. There is not only the question of diversification, Mr. Minister, but likewise the utilization of waste, and had the pioneers thought of the timber policies of the Province of Ontario been predicated on this conception I think it would not now be necessary to have the question of the allocation of tonnage in the newsprint mills.

Q. Yes?

A. And I think too that it is very unfortunate that at the time of the Taschereau conferences with the then Prime Minister of the Province of Ontario that the Newsprint Institute of Canada adopted the policy of the control of industry, rationalization of industry, embargoes and allocation of tonnages to the respective mills. I would like to speak on that later if I may.

THE CHAIRMAN: Q. Before you get to that point, Mr. Johnson, you have sent me two documents here; one is a letter written to you by Mr. J. Ander, who is the Swedish Consul in Canada, I think at Toronto, and to which is annexed a statement of the "Forest area and production of sawn lumber and pulp and paper of some representative Swedish companies." Do you intend to speak on this point?

A. Yes.

Q. Do you want this to be filed as an Exhibit?

A. I should like to.

THE CHAIRMAN: Any objection?

MR. DREW: No.

THE CHAIRMAN: It will be 33.

EXHIBIT No. 33—Filed by Mr. Johnson: Letter J. Ander to witness February 7th, 1940, with statement attached "Forest area and production of sawn lumber and pulp and paper of some representative Swedish companies."

THE CHAIRMAN: Q. You have also sent me, Mr. Johnson, a pamphlet, "Twenty Years' economic reconstruction in Finland." Did you want to file this also?

A. I would like to have you refer to it and have the Committee, but that is my only copy and I would like to file it with the privilege of withdrawal in order that you may substitute it by one of your own, because I think it is a mighty important publication. I dislike to not have it.

Q. Is this a recent publication, Mr. Johnson?

A. I don't know the date there.

Q. I see it covers statistics up to 1937 inclusive in certain places?

A. Would the Chairman just thumb through that to see some of the graphs and how those different things are presented and how thorough it is in such a small treatise.

THE CHAIRMAN: I am afraid, Mr. Johnson, I would have to take more than a few minutes to thumb through it.

MR. SPENCE: Q. Mr. Johnson, just before you leave that subject of mature timber, we all know and you have stated here there is mature timber in north-western Ontario, you as an operator—what do you say as to the result of leaving this mature timber there and not harvesting or cutting it?

A. I think it is a grave economic waste.

Q. There is no new timber grows there while that old mature timber stands?

A. No.

Q. Does that deteriorate after it gets to such an age?

A. I define a mature stand of timber as that stand of timber where the annual decay equals or exceeds the annual growth.

HON. MR. HEENAN: Q. Mr. Johnson, I would like to ask you a question: We had evidence from the member for Port Arthur here the other day which was diametrically opposite to yours in respect of the export of pulpwood—?

A. May I get your question, please?

Q. We had evidence the other day from the member for Port Arthur which was diametrically opposite to yours on the exportation of pulpwood; he was in that business for a long time and you have been in the business for a long time, and how is it that we have such a divergence of opinion. Can you explain that to me?

A. Yes. I have wanted to keep away from personal motives and in this statement I think there is just an honest difference of opinion, perhaps, but Mr. Cox is interested very substantially in some exportable Indian lands which he acquired from the Dominion of Canada. That might have quite an important bearing on his testimony.

MR. COOPER: Q. What do you mean by that, Mr. Johnson? They are allowed to export now, are they, from Indian lands?

A. Yes. As a result of certain happenings in the Indian Department Mr. Cox successfully acquired timber areas from the Indian wards—

MR. DREW: Q. When? What date?

MR. SPENCE: Q. How long ago?

MR. DREW: Q. Oh, approximately?

THE CHAIRMAN: I am just wondering whether this is relevant to the Committee? This is an investigation of the Department of Lands and Forests of the Ontario Government.

HON. MR. HEENAN: We have two opinions, one against and one for.

MR. DREW: Well, I would like to hear this evidence from this point of view: As I indicated before, I am not at all convinced that we mightn't be well advised to consider the necessity of some authority over Indian lands and other lands which can be exercised by statute or, in the case of Indian lands, by request of the Dominion Government, and I think it is advisable to get some idea how those are handled now. If there is some information on the handling of these Indian lands I would like to have it myself.

WITNESS: Well the question of Indian lands is another matter.

MR. SPENCE: Q. These Indian lands, do they carry less dues than the Crown timber lands?

A. Yes.

Q. I presume on a reservation, that is what is sold—

A. Yes.

Q. —that goes to the Dominion Government payable to the Indians who are on that reservation?

A. That is right.

MR. DREW: Q. Have you some idea when those were acquired?

A. Yes.

DR. WELSH: Q. Did he acquire those from the Indians as individuals or throught the Indian Department?

A. First the deal was made with the Chief of the Indians.

Q. Just the way they do with the lands down through Central to Southern Ontario, the whites go in there and lease the land and more or less exploit the Indians—is that the same principle?

A. Somewhat.

MR. DREW: Q. Now, for the third time, have you got the date that these were acquired?

A. I would like to keep away if I may from anything else personal in the question—

THE CHAIRMAN: The Colonel only wants to know the date, Mr. Johnson, so give him that.

WITNESS: The license of one of the reserves—there are many Indian Reserves in the Dominion of Canada—

MR. DREW: Q. Yes?

A. Mr Cox has four: One at Chapleau, one at Long Lac, which he sold, one at Gull Bay on Lake Nipigon and one at Hudson in Kenora district.

Q. It is the one at Long Lac that he sold?

A. Yes.

Q. What areas approximately would those cover, have you any idea? I mean, are they extensive?

A. Well I can only give you roughly and my memory may not be right: Long Lac I think 27 square miles, Nipigon-Gull Bay 16 square miles, I think, Hudson 57 square miles, and at Chapleau I don't know.

Q. Well then with those areas there is no limitation as to method of cutting and no limitation on export?

A. No. The rate of dues up until three or four years ago, I am not acquainted as to whether there have been any raises, was 40 cents a cord.

HON. MR. HEENAN: Q. The operators don't have to pay any fire protection or ground rent?

A. No.

Q. Don't have to pay any premium on the export of pulpwood from Canada?

A. No, sir.

You asked the date there. I have only the record of one, and that is the license of the Long Lac Indian Reserve: December 14th, 1926, under No. 208, file 30,009-5. Those dates and figures will have to be checked, I do not guarantee that they are correct.

MR. ELLIOTT: Q. Mr. Johnson, you mentioned the mills across the water in Wisconsin manufacture—?

A. Let me get your question again, please?

Q. Col. Drew mentioned the mills across the water that manufacture sulphite and sulphate and chemical pulp out of Ontario wood. Can you tell us how dependent those mills are for the supply of pulpwood from the head of the lakes?

A. Well they not only manufacture the different pulps but they also put them into refined papers, absorbents and book paper and the like. They are dependent only to the extent that they have no other available supply from other parts of the world.

Q. I know, but what per cent? Have you any idea of the percentage of pulpwood that is used that comes from Ontario?

A. Well, I could have given that information if you wanted it—

Q. Just roughly?

A. Well, it would take me a little while to compute that. You see the mills extend all the way from St. Louis on the west to Pittsburgh on the east and even to New York State.

Q. Just referring to the Wisconsin Mills? About thirty?

A. Well I cannot give you that without some more thought. I would have to go over each individual mill as to what they require, what they make and how much they get from here, and that would take a little time. I would be glad to give it to you later but I couldn't give it to you offhand.

HON. MR. NIXON: Q. You were speaking of the maturity of the forests, when they should be harvested; you said when they reached the point that the annual decay exceeded the increment then they were past proper maturity?

A. Yes, they are past proper maturity.

Q. Isn't the requirement of the market a consideration there?

A. Yes.

Q. You don't want a great large pulp log, do you?

A. No, sir. Anything over nine inches is going to saw logs; yes, sir.

Q. And that is a consideration when the tree should be harvested, isn't it?

A. Well, that and one more thing I think, Mr. Nixon, is material: It might be good forestry to cut a tree before it becomes mature because it then gives to the younger growth added sunshine and added fertility and it is a question of the maximum productivity of your soil that is the issue. Just like a farmer, how much can he grow on a given acre in a given year with certain attention being paid to it?

Q. Well, also like the farmer, which probably I know more of than about timber operations, I can grow a hog to five or six hundred pounds but after I have gone past 620 he is not worth much to market?

A. Yes, and you have brought up a very important question. So many people have the impression that this forestry is so much different to our other basic conceptions of the soil problem. It is entirely parallel to that which a farmer produces. Suppose a farmer produces only pigs, he has no cows or chickens or what not, his market to some extent is limited, but if that farmer rotates his crop and gets diversification of his products he broadens out his market. There is nothing different than the true conception of the farmers' market, it is only an operating problem.

Q. You have operated there for over twenty years?

A. Yes, sir.

Q. Did you ever go back to look at an area that you cut over twenty years ago?

A. Yes, sir.

Q. What shape is it in to-day? What is it growing?

A. It is surprising, sir, the amount of natural growth that comes along as long as you do not burn the slash—as long as you keep the slash there so that you have a moist seed bed and protection against the ravages of nature to prevent that natural surrounding for the seed of the spruce or what not to take growth. That is why it is very necessary not to burn the slash, because if you burn the slash you have no protection, and, secondly, if you burn the slash you are burning off the humus of the soil.

DR. WELSH: Q. Are the areas growing up with the same quality of timber, or with poplar?

A. There is the question of genetics and the question of the balance of Nature. I have wanted to keep away from these technical problems as much as possible but as long as they are interesting I am glad to give whatever information I can on them. If you will notice, that on some areas where the areas have been burned over and reburned there is very little soil left and many times you will only get birch and poplar coming along, there is none of this spruce and pine; but usually after the birch and poplar have come along you will find pine and spruce interspersed; it seems that one must balance the other. However, if there are spruce and pine trees growing within a reasonable distance of acertain barren area the wind will usually take those seeds and over a period of time they will take seed. It is stated that the range of propagation to a spruce tree is a circle 500 feet. Well you can see that that gives quite a range, but beyond that the wind usually cannot carry the seeds.

MR. SPENCE: Q. This mature timber you were speaking of, that is still being cut up there by the pulp mills?

A. I don't get that question.

Q. This mature timber problem, how much of this present pulpwood cut in our district there is mature timber?

A. I would say thirty per cent.

Q. They prefer the younger spruce tree or the undersized spruce tree?

A. Yes.

I hope I am not giving a wrong impression. The newsprint industry has made a real contribution to the timber problems of this province, they are an absolutely necessary industry, but I feel too that the other diversified industries are equally important. I would say this, that on the average the newsprint mills have done a fairly good job in the cutting of their forests. I do feel though that the logger is entitled, too, to an equal break with them, in cutting the mature timber to deliver the pulpwood from the mature stands to the paper mills and the paper mills should deliver the mature timber in their stands to the logger; there is a mutuality of interests in the handling of the forest crop.

I am not sure— referring to the Indian lands again—I think there is an annual charge of $3 a square mile on the Indian lands as against ours of $11.40. I want to be checked on that, for I am not sure.

MR. SPENCE: Q. Whom is that payable to—to the Province?

A. To the Dominion.

Q. The fire protection?

A. No, no, the annual charge.

THE CHAIRMAN: The ground rent.

WITNESS: Yes.

MR. SPENCE: Rental.

HON. MR. HEENAN: $3 a square mile as against our own.

MR. DREW: I think we should be getting along with Mr. Johnson's narrative or we won't get far.

WITNESS: There is a question brought up indirectly on the matter of allocation of timber between paper mills; I don't know that I should speak on that; I would be glad to if there is any interest I can give to it.

HON. MR. NIXON: Q. That is the prorating?

A. Yes.

You have those two Exhibits, Mr. Chairman?

THE CHAIRMAN: This pamphlet has not been marked, Mr. Johnson; the other one has been marked.

WITNESS: This is a communication, Mr. Chairman, from Mr. Ander, who is the Consul for Sweden for the Province of Ontario; I think it is material because it shows the diversification of the forest area which has been built up by Sweden; that is, the sawn lumber and the chemical pulp. In these six outstanding companies on an area of 3,954,000 acres they have produced 346,000,000 feet of sawn timber.

The yearly production of the pulp and paper: Now the pulps include bleached and unbleached sulphite, bleached and unbleached sulphate, artificial silk pulp, kraft wrapping paper, grease-proof paper and a certain percentage of high grade pulps. From those can be deduced this observation, that the average annual yield per acre under proper methods of silviculture is 37/100 cords per acre per year. That is a very high production in northern countries. So this is I think material from two viewpoints, first to show diversification and next the yield per acre.

HON. MR. NIXON: Q. Isn't there any newsprint in that picture at all?

A. There are none of these mills here (in pamphlet); there are newsprint mills in Sweden and there are in Finland but they are not the major companies because newsprint has as yet not reached a real prominence in the Nordic countries, because there are 350,000 tons shipped to the United States from Finland, Sweden and Norway, but it is gaining real proportions and particularly has that been true in Finland because there they have recently installed two high-speed modern machines and it is developing at Ensol in Finland where on one stream they are developing 360,000 horse power. Their objective was building three or four more additional newsprint mills, so that is a real threat.

Q. Well, Mr. Johnson, it would appear to me that the Committee should hurry along here and as the House is going to prorogue this afternoon there are one or two particular matters I would like to ask you on. It is in evidence from Mr. Cox,— you heard his statement and his evidence on the Onion Lake operation, on the burnt over area?

A. Yes.

Q. Is it true you were president of the company that carried on those operations?

A. I was.

Q. Then you heard Mr. Cain's evidence in rebuttal to some extent at least?

A. Yes.

Q. Are you content to have that matter stand there or do you wish to volunteer anything from knowledge?

A. I would like to implement that further if I may; I can do it briefly: In the first place, as Mr. Cain testified, 110,000 cords of wood produced in the burnt license was burnt wood and 96,000 was green wood which carried the green wood price.

Next, it was stated that we received from the Great Lakes Paper Company, which was then managed by the National Trust Company (and the managers there were Mr. Mackelcan, Mr. Macdonnell and Mr. Brocklebank). The purchasers paid for this portion we had for the years 1931 to 1934 inclusive, which were the 110,000 cords, from $6.75 to $7.50 per cord delivered at the mill, which was an average of $1.75 a cord less than the green wood price, and on that operation the Pigeon Timber Company lost an average of 65 cents a cord the first two years, and the third year was successful.

HON. MR. HEENAN: Q. I think in his evidence he said that you owned to the extent of the 128,000; I think that was his evidence?

A. Well, that is not correct. Over the three years operations we lost money averaged, and the records of the Pigeon Timber Company are available for that purpose and I believe you will find letters on your file from both Mr. Mackelcan of the National Trust Company and C. H. Carlisle who succeeded the National Trust Company in management setting forth this information.

Q. I think we should clear this matter up. I don't think Mr. Carlisle wrote me but apparently from letters from Mr. Cox there was representation to Mr. Carlisle and he had convinced Mr. Carlisle that the Great Lakes had been done out of a great deal of money by paying green wood prices for burnt wood. We investigated this without going to too great an expense and when Mr. Carlisle was before the Prime Minister and myself in the Prime Minister's office I asked him if that was true and he said yes and then a day or two later he phoned me to say he was sorry, that looking through the figures he found they had paid burnt wood prices instead of green wood prices. I don't know how much; I am not sure.

HON. MR. NIXON: Q. $200,000 was supposed to be the breaking point on that on Cox's sworn evidence, but you probably knew more about it than he did?

A. I think so.

Q. Then there was a question of this auditor's report which was tabled here in such sensational fashion. Have you any knowledge of that company?

A. I have no knowledge whatsoever on any of those transactions. I am a shareholder in that company.

Q. You know nothing?

A. No, sir.

Q. Then there was his evidence in connection with the arrangements made by the Department to buy flying from the Pigeon Tiver. Have you any knowledge of that?

A. Yes.

Q. Do you wish to volunteer anything on that?

A. I would like to. The airplane involved was the property of the Great Lakes Paper Company, the Pigeon Timber Company was merely its operating management, the prices paid for that flying were the standard prices under the standard contracts of the Government, of the three years involved, one year they paid the Great Lakes Paper Company $14,000, and the next year $13,000, and the third year $5,000. That same year—is Mr. Cain here?

Q. No?

A. Mr. Cain has these records. There was paid to the Western Airways for the same year the Great Lakes was paid $14,000, $79,000; the two following years I do not know but Mr. Cain would have to give that evidence.

Q. I think you said yesterday that you owned the site on which the Lake Sulphite was?

Q. I think you said yesterday that you owned the site on which the Lake Sulphite was?

A. Yes, sir.

Q. Mr. Cox in his evidence suggested something to the effect that taking care of the owner of that site determined the policy of the company in locating there?

A. I would like to make that clear.

Q. Have you something to volunteer on that?

A. I have, yes. I bought that site personally in 1921 as I remember it from Mr. F. S. Wyley, who then owned about a three-quarter interest, for $20,000. The other interests in the quieting of title required another three or four years. I cannot remember what it cost me for those other three titles—for the three minor heirs of the other quarter interest. I kept that property continuously until

the Lake Sulphite matter. I received for that property $62,000, $27,000 in stock, which is now a total loss, I still hold the stock. The other $35,000 was considerably less than the accumulated interest, taxes and original purchase price cost me but in my opinion the value of that property with the frontage, foundation, booming areas on the lake, situated as it is in the strategic part of that watershed, is worth several times more than I received for it. It was a good deal, however, for me because they took only a part of the area. I had hopes that diversified industries could be established at Red Rock to produce not only bleached sulphite but unbleached sulphite, bleached and unbleached kraft, newsprint and saw mills and other chemical and diversified industries. That was the play that I took with the Lake Sulphite hoping to make it, as the site warrants under right conditions, to be a development well worth while, and in fact at one time we had interested substantial purchasers of newsprint to the extent of 125,000 tons a year which would have been the next development had Lake Sulphite been able to carry through.

Q. And there was one thing I had in mind to ask you, sir, from your experience in the north: You heard Mr. Cox's evidence on the efficiency or otherwise of our forest fire patrol system and prevention system. Have you any comments you wish to volunteer to the Committee on that?

A. Yes. But in doing so I would like to speak of the administration of the forest service since its inception if I may; I think it is material: When Mr. Lyons was Minister of Lands and Forests he took a great interest in the detection and suppression of fires; he was air minded; he was succeeded by Mr. Finlayson who too was very vitally interested in the services of our forests and the protection of them against the inroads of fire and disease. This Government has a very efficient fire fighting organization; I have been tremendously interested in it because I have known the flyers personally. I had an airplane for five years with the Great Lakes Paper Company, we flew and reflew all these areas to protect their own timber areas at that time, the Transcontinental lands, Nagagami, the Pic Limit, Long Lac, Black Sturgeon, and I can say this much, that that pioneering work that was done, the way it has been carried on, I feel that they are doing a very good job and I want to pay tribute to the mighty fine way that the past Governments,—the present and past Governments—have taken care of this very necessary forestry problem.

Q. What would you say as to his suggestion—I trust it was serious and not altogether frivolous—to the Committee, that the proper way to fight these fires would be to drop men with parachutes from a plane with a chemical extinguisher? Would you care to undertake to drop off that way into the forest?

A. I have only dropped out with a parachute once, that was a forced landing, but in the first place it is impossible to guide a parachute—try it some time.

Q. No, I have no intention of doing so.

A. And in the next place if you came down with a parachute you would find yourself strung up in a tree, and, next, if you landed in the lake and couldn't swim you would drown. And, next, I cannot conceive how a man could carry enough on his back in the way of a chemical extinguisher after the fire had been located, say it has an acre or two to go, and squirt around with a little syringe.

MR. W. G. NIXON: Q. Mr. Johnson, those sums of money you paid out for the use of planes that you referred to in fighting fires, what years were they, do you remember?

A. I think it was 1929, 1930 and 1931—1932 maybe.

Q. Do you consider an expenditure of that kind justified in attempting to control fires?

A. Yes, I do, but the Government was the one that made that possible. Oh, yes, those years were years of very high fire mortality—a fire cycle runs in seven or eight years and during these peaks I have seen as many as 350 fires all going at once and when the whole country would be nothing but smoke for miles and miles on end.

Q. I have been through two serious fires in my own district and I appreciate what the force is up against when a large fire breaks out and I think they are to be commended for utilizing every available equipment in an attempt to combat the fire?

A. Yes, sir.

The amount of timber that you cut is far less in my opinion with the added loss from maturity, bud infestation, fire and lack of proper silviculture—I am not saying that some of these advanced theories and practices of silviculture should now as a matter of money be adopted here—but the matter of cutting is much less than all these other wastages.

HON. MR. HEENAN: Q. I am just shooting at random but I would like you to give the Committee this: We have timber areas in the north country with low prices and very high prices; it was suggested by Mr. Cox in his brief—at least I read it in the newspaper, I didn't get it out of his evidence—that we should equalize the prices on the timber. Can you tell us how those high prices obtain?

A. For instance, we had pulpwood at around two, two and a half, three dollars, while we have others at Crown dues; they were set by public tender—

Q. Can you tell us what you think of the disposition of timber by public tender as against setting a value on it by experienced foresters?

A. You have opened up an enormous question. That is in my brief, I was going to take it in that order, but I will be glad to discuss that now.

Q. I wish you would.

MR. DREW: I don't want to interrupt the question, but after all Mr. Johnson, we must get this clearly, is here as representing a particular group and the time is running on; it strikes me the best way to do is for Mr. Johnson to present in his own order without any further questioning the brief that he has set forth, because I can see that this may drag on for a long time; I am not suggesting the questions are not important, but the time is getting so short I think Mr. Johnson should be allowed to go ahead and present the brief he has before him.

THE CHAIRMAN: You say that you are going to talk to that question in any event, Mr. Johnson?

A. Yes.

THE CHAIRMAN: Any objection, Mr. Heenan?

HON MR. HEENAN: That is all right.

THE CHAIRMAN: Q. Now go ahead, Mr. Johnson?

A. Is this an Exhibit?

Q. It is not marked. I think you had better keep it, because everything which is filed with the Secretary should remain for the members of the Committee.

A. Perhaps maybe the Secretary could get a copy of this.

Q. We don't know. There is no date when this was published and it might be rather hard to find out.

HON. MR. NIXON: Q. Finland might not be paying much attention to foreign correspondence.

A. This was supplied me by the Finnish Consul at Port Arthur and I presume there are many in existence in this country.

Q. Perhaps you could get one for us?

A. I will try to. The reason that this material contained in Mr. Lindgren's treatise entitled "Twenty Years' Economic Reconstruction of Finland" is of interest, the most valuable analysis has been made of their basic industries, most enlightening graphs, tables of production, analyses of conclusions, a most comprehensive survey. Without very much difficulty I presume it would be possible to build up a parallel aggregation of facts that would be perhaps worth while.

I would like to make this observation, that, without trying to suggest what the Committee may have in mind, there are some eminent economists, and I have one in mind in Canada, that in a comparatively short time could get this material in shape that I have and that other companies have.

When one considers that Finland, which has had only twenty years of economic and political existence since it divorced itself from Russia, has done so much with its raw material wealth that we might be able to take a great deal from their book of experience. I was in Finland, and their climatic conditions are the same as ours, the same species, they have as their objective the maximum realization of their stumpage value and the greatest utilization of everything that the forest wealth gives them; and accordingly they lay out their rural policies based upon their forest crop.

In a very few brief paragraphs I have tried to summarize some of the basic conceptions here. The report is too voluminous and too detailed to do other than

make a few highlight observations; but, if I may read this, which is more terse than I could express it, and would take very much less time, Mr. Chairman, I would like to do so.

THE CHAIRMAN: Yes.

MR. JOHNSON: The basis of all progress and true development is contained in the problem of maximum utilization of natural resources with a minimum of waste. The problem does not, however, end there. While producing wealth we are faced with the economic necessity of making the natural resources which produce that wealth continue to do so in perpetuity.

This is very true of our forests. Basically the true conception of progress is the value to our country of producing as much wealth as we possibly can without impairing the productive source of that wealth.

We are dealing now with the products of the forests. The highest degree of wealth production which could be obtained from any tree would result from a total utilization of that tree. We cannot get that far now but we are anxious to decide if we are or are not utilizing as much of every tree as is possible. If we are not, then we should consider how we can best handle our timber raw-material to produce more wealth.

We have a real opportunity to profit by the success and to avoid the failure of others. We may be living under different circumstances but the same economic principles apply. We are perfectly aware of the forest and stream despoilation of the United States. We are equally aware of the sound development embarked on in the Scandinavian countries which threatened to result in our exclusion from tributary markets.

Let us deal only with the success. The policy of the Scandinavian countries has been to use the whole tree. In these countries, faced with the drive of necessity the policy "Use the whole Tree" is responsible for industrial development, to a major extent.

Historically, to date, the pulp and paper mills have made a contribution to the problem by using the cordwood by-product of the forests commonly known as pulpwood. Certain timber operators have contributed in the production of ties, saw-logs, piling, poles and pulpwood.

It would be advisable, rather than base our utilization of the forest crop on the limited outlets now available, to conduct research, to find where our total forest crop may be consumed. In the process, reorganization may be necessary but the final wealth production will be increased to the benefit of all.

Let us start with our available resources and then see how close we can come to a complete utilization of the crop and conservation of the productive seed.

In this respect the timber producer must be a partner of the Government for the benefit of the country. The utilization of each and every tree which forms part of the crop is the problem. The transfer of the raw materials to paper mills, mines, construction companies, saw mills, railways, pulp mills, etc., is merely a process of transition of the raw material to its logical source of utilization.

The true economic conception must start with the raw material and end with the finished product. In the past we have worked back from the finished product to the raw material and are faced with the danger of resting on our oars when only a partial success in wealth production has been accomplished.

Intelligent direction is necessary to revamp our policy to some extent so that the wealth at our disposal will be utilized fully. Present industries should be protected but not at the expense nor to the exclusion of other industries which could use our raw materials.

We are therefore faced with the following problems:

1. Better utilization and conservation of forest wealth.

2. Revision of basic costs to enable us to compete in our natural tributary markets and induce industries to locate in our province.

3. A co-operation between Government, Loggers, Producers, Transporters and Marketing Agencies to study basic factors for the benefit of all. This includes labour, power companies, railways, steamships and all other factors which enter into the cost of production and marketing.

This may not need to be marked as an exhibit, or will it?

HON. MR. NIXON: No. Pardon me, Mr. Chairman.

THE CHAIRMAN: That is all right.

Go ahead, Mr. Johnson.

THE WITNESS: Now, perhaps, sir, I should introduce this pamphlet as an exhibit, and get another one for ourselves.

THE CHAIRMAN: If you will do that, I will consent. It will be Exhibit 34, and will you read the title?

A. "Twenty years of economic reconstruction in Finland," by Verner Lindgren.

THE CHAIRMAN: All right.

EXHIBIT NO. 34—Filed by Mr. Johnson: Pamphlet, "Twenty years of economic reconstruction in Finland," by Vernon Lindgren.

THE WITNESS: In all the diversified interests in Finland there is only used 20,000,000 cubic meters. This, however, is not even half of the annual increment of about 44,000,000 cubic meters. So that there are considerable resources available.

One often hears that the Nordic countries are expanded now beyond the sustained yield of their forests. That is true in Norway. It is true within ten per cent of Sweden. It is not true of Finland, where they can still expand 100

per cent, based upon their own forests; but they likewise have the tremendous future advantages, in normal times—not now, but some day this war will be over, —of the tremendous forest resources of Poland, Lapland, and Russia.

Where the power development of Finland, like Ensol, about which I recently spoke, where they have 320,000 horsepower, which they were building a year ago when I was in Finland, there is not in fact contributory, sustained yield of water in that watershed to sustain that hydro development. But these powers are tidewater.

320,000 installed horsepower, where it is considered that it requires 80 horsepower to produce a daily ton of newsprint,—it may be as low as 60 horsepower per daily ton, because of the standby steam power. But if you were to take 60 horsepower as the horsepower required, you can see that that 320,000 horsepower is tremendous capacity for making newsprint; and they are cheap power, because they use the hydro development for the purpose of steam.

The fact that it is possible to fabricate cellulose products in transit at tidewater, which has been the foundation, to some extent, of the great success of England, due to their deposits of coal—and that this stream where the Ensol development is now being undertaken is only still a small part of the available horsepower which Finland possesses.

In Finland in the case of products of the forest sold, it amounted, in the case of sawn lumber, to 65 per cent; of ply wood, which has developed enormously recently, 45 per cent; and of cellulose, 15 per cent.

HON. MR. NIXON: What is ply wood?

A. For instance, if you were to take a log of birch or beech, or what not—you take what they speak of as ply wood logs—and these logs are put in a lathe, you might say, and a very thin layer of wood is cut off by knives, so that the ply wood resulting may be only one-eight of an inch thick.

HON. MR. NIXON: It means veneer?

A. Yes, that is it.

This statement is not quite clear to me, and I will have to let that go; but in Finland sawn lumber is most prominent; ply wood is next; and cellulose is next; and paper is fourth.

During the last years of peace, sawn timber amounted to no less than 43 per cent of the total export of manufactured timber; but as paper and pulp, 18 per cent; butter 9 per cent; and all other goods combined only 40 per cent. So that you can see what an important position these forest products take.

It is surprising what they have done in such a small part of their industry as the development of the Spool industry.

Outside of that, I think there is nothing more that I can give you in review. So that that pamphlet can go in as an exhibit, sir.

Another important observation, in the matter of saw-milling in the foreign countries that is material to us here, and which we are now trying to introduce at the head of the lakes, is the installing there of high speed, automatic precision machinery, with a saving in waste in the turning out of lumber. I would judge that in the Province of Ontario, with your circular and your band saw-mills, that you would cut on the average 45 per cent of the cubic contents of that log. In the efficient band-mills, like at Blind River, you would likely get about 55 per cent realizable in lumber.

In the Swedish gang-mills, you would get 65 per cent. So that there is an increased efficiency of about 20 per cent in the Nordic methods of sawing above the most modern Canadian mills. And that is why this machinery has been purchased, for this purpose.

It may be interesting, as a matter of practical application to mention these factors. The ordinary band-mill, I mean the circular saw-mill, would take a saw course of five-sixteenths. The ordinary band with the swedge and all, may be four-sixteenths.

In the Swedish frames that have these vertical saws, one-twelfth of an inch. So you can see the over-run. Now, in their little circular resaws, our resaws take about three-sixteenths of an inch; and their fast resaws on narrow bands take about one-sixteenth, as against our three-sixteenths.

Then their lumber is sawn so precisely, with no saw scars in the lumber, that when you run that board through the planer it is one continuous shaving, and it come through in about the thickness of paper. It is a most interesting observation.

HON. MR. HEENAN: What class of machinery are you installing in the mill?

A. A complete Swedish set-up. It is now in Fort William and is now being installed.

I would like not to bother you with these practical problems, but it is material in that they have much to do in eliminating waste, and what waste we do have, to utilize it. One further factor is likewise true. Thirty-five per cent of the waste resulting from the cubical contents of a log, with the Swedish machinery it is not put into lumber, 10 per cent of that goes into slabs, which they make into ships, and another 14 per cent goes into snow fencing and lath and boxboards; and the balance is sawdust, which can be turned into chemicals with steam.

In the chemical mills too, in the pulping processes, the chemical pulp processes, there is only about 55 per cent of the cubical content of that log which goes into the fibre which forms the base in your chemical pulps; the other 45 per cent is washed out in your discharge water, which contains lignin; and that lignin is the cementing qualities of the tree. And that lignin contained carbohydrates, alcohol, they make tar, pitch, perfumes, and so on, and what not. That 45 per cent is being washed down the sewers.

A lot has been done in this country in the chemical extraction of the lignins and its many qualities. I only mention it in connection with the scientific

problems that they are facing, with knowledge that they go beyond us. I would not say that in criticism of local managements. They have been driven into it by necessity.

In Germany, for instance, they use a lot of this for plastics; they make it into car wheels and so on. In Germany—I was there last year—every suit of clothes must contain 55 per cent of cellulose. And they are feeding the trees to people in their sausages, and to horses.

MR. DREW: And making sugar as well?

A. And sugar as well.

Now, Mr. Heenan, you brought up a question.—

HON. MR. HEENAN: The point I wanted to make is this, that a great deal of the limits have been put up by public competition from time to time with various prices on the different areas. For instance, we will find some pulpwood away out from an industry and from the lake shore, sold at higher prices than was received, I think, in a more economical position, by public tender. We have to grapple with that. Would you tell the Committee, if you have it there, your views with respect to all these areas where there is supposed to be uneconomical pulpwood, why sometimes it is sold at higher prices than are secured for more economically situated pulpwood?

A. Without going into the history of the timber of the Province of Ontario, except as it is material to your question, we have had several peaks in industry, going back to the commencement of 1893, or one in 1907, or another one in 1913, or 1929, and one of 1937. One can easily understand, when conditions are subnormal, nobody wants timber, because it is a liability.

If there is an abnormal demand and there is uunusual competition as a result of that high prices are bid. During the time leading up to these various peaks of industry, and then the peaks, and drops and peaks and drops, during this period, from time to time, there is territory set up for sale. The then big prices, in many instances, were bid prohibitably high; and there is no elasticity in that commodity, based upon the demand for it, which permits, from a contractual point of view, that any reductions can be made based on normal or subnormal times.

I am not sure that I have made that quite clear? Do you think so?

Q. Is there not another thing in it?

A. I am coming to that angle. You can see that at the peak of 1929 some one might have bid for white pine $12.00; immediately following that stumpage might not be worth more than $2.00 because of the market, and you could not sell.

Because there is a firm contract with a deposit and a bond filed, what power is there under the present laws of the Province of Ontario that would permit the Minister or the Government to equalize that stumpage, so that that area would not be held out of production until the next high period comes?

So, as a consequence, on this one question alone, I would judge you may have let hundreds of timber licenses and areas in this province, of the 1500 or more that you have that have come into existence during these peaks, that are tied up and nobody can touch them.

MR. COOPER: What do you suggest?

A. Well that is a very intricate question, and it is pretty hard to answer. Now, along the line of your question, Mr. Heenan, this has been true. Supposing a man in the tie business in the north country found a very fine area of railway ties, accessible to the railroad; and suppose that on that area you had a diversified stand, in addition to the pine timber, you would have jackpine, saw logs, some that were there too small or too big for railway ties; and in addition to that, you have birch and poplar, and what not. The Government would cruise that area and put down the quantities involved, and they would put up the Crown dues and the upset price, and bonus in addition to that. Then the man who is interested in the jackpine for railway ties only, perfectly legally, would bid exceedingly high on the other species, so that the aggregate bid would be exceedingly high based upon the volume of the other species not required by him. And, as a consequence, you would have tremendous values bid upon the part of the area in which he was not interested.

Q. In other words he would bid high on the species that he knew he was not going to take?

A. Yes, that is right.

Q. And the Government would lose, because he did not get it?

A. Yes, that is right. Does that answer you question, Mr. Heenan?

HON. MR. HEENAN: Yes, very fully. I did not think you would confess as much as you have!

THE WITNESS: Now, I have one suggestion that I would like to leave before this Committee, which they may want to think of. Every one recognizes the necessity of receiverships in bankruptcies. When they get into difficulty, that is the only way in which that industry can be carried on. But, due to the depressions of 1929 and 1937, in the United States there was enacted a law commonly referred to as 77-B.

The 77-B Bankruptcy and Insolvency law of the United States gives to the Federal courts of the United States the power to review receivership managements. And, not to at all speak disparagingly of the fine work which has been done by the Receivers of paper and timber industries of this province, still their duty is to preserve the Trust Estate. They perhaps are not by law permitted to embark upon natural economic expansions and developments and research work, that other management might direct.

I would like to call the attention of the Committee to whatever part of that 77-B that might be material on your receivership problems here.

MR. DREW: I am afraid it has been open to very serious abuse in the United States.

A. It has, in that it has been abused, as most laws are.

On the question of competitive bidding as against other methods of alienation of timber, there has been worked out in British Columbia—which I am not very familiar with—the sale of standing timber by private sales and by public sales. I believe that, as far as the Government is concerned, where they are really partners in interest—they have tremendous timber inventories on their shelves which must be moved. Then, too, I presume they have the matter of putting men at work and establishing industries and producing wealth, more wealth to tax, and more wealth to distribute. And one must always accept the bona fides of the Government and all their officials—I think it has always been true, except to a limited extent in exceptions, and very limited exceptions, that it is a question of bargain and sale. It is a matter of reaching that price, due to the ups and downs of industry, which will permit the orderly cropping of your forest wealth the economical manufacturing of it; and those competitive costs that will always permit them in your industries to compete.

And may I suggest that it likely will take real, courageous statemanship to do perhaps the necessary, drastic things required to put these enormous empires of untouched wealth into production. That the fundamental economics which this yellow pamphlet indicates is this, not high prices and scarcity, not throttling of industry, but low prices and abundancy.

And that I hope to present to you in this labour information which I have here, and more at the hotel if it is material, a very grave labour problem involved, which I believe will rebound to the benefits of the workmen, give you more employment, and lessen your relief; and perhaps have a direct tendency of putting these areas into production.

Now, on the matter of competitive bidding, there are other points which might be mentioned here. It is a very difficult thing, because whatever one government does—speaking entirely away from political affiliations,—whatever one government does, there are always two very strong positions. The pros and cons are somewhat balanced, perhaps. But, whatever one government does, it is so easy to throw this problem into the political arena, and throw the forest wealth into a political football.

HON. MR. NIXON: We probably know more about that than you do?

A. You are a politician, as I hope to be—you are a statesman, rather. I know I am treading on dangerous ground. If ever I were to attempt to go from the industrial field into the political field, I would get slapped back into the industrial field; and that might be dangerous.

HON. MR. HEENAN: Mr. Chairman, the reason I asked that question—it is very important one in our administration, for this reason: There have been areas lost to Ontario, lost to small industries, because of having to put the timber up for sale. Somebody who did not want the timber bid it in at a high price. If I did not give it to the highest bidder, what would people say? So I gave it to the highest bidder, and we lost two industries.

MR. ELLIOTT: Will this witness be recalled?

THE CHAIRMAN: That is one point we want to decide.

The witness may step aside. We will not take any further evidence just now, Mr. Johnson, for to-day.

HON. MR. NIXON: Mr. Chairman, I want to point this out. It is certainly the intention of the House to prorogue this afternoon. As I understand the rules of the House, nothing can be done about this Committee and it just dies a natural death upon the prorogation of the House.

If that is understood by everybody, it is o.k., but we do not want any recrimination afterwards.

HON. MR. DREW: I assume there is no question about that, is there?

HON. MR. NIXON: What do you suggest? This Committee was called at your request, in the first instance, at the last Session. I think the suggestion should come from you as to what you want done.

MR. DREW: Certainly the Committee should continue. I do not want to be put in the position that I am asking for it now. There has been discussion before this with this Committee that it should continue. It is merely a question of the mechanics by which that is to be done.

THE CHAIRMAN: If there has been a misunderstanding, I am sorry. There certainly have been talks or discussions between the Colonel and myself, and I thought from the conversation with the Premier that the matter was not fully decided. I am extremely sorry if I gave Mr. Drew a wrong impression.

MR. DREW: I would very much object if effective measures are not to be taken this afternoon to enable this inquiry to continue.

HON. MR. NIXON: During recess.

MR. DREW: Yes. Do you think there is any question about that? I am not going to be put in any embarrassing position on this. You are fully aware, Mr. Chairman, of the understanding we have had about this, and it is up to you, as Chairman, to see that we are allowed to continue.

HON. MR. NIXON: Is it your thought that this Committee would continue on Monday?

MR. DREW: No, it was not only my thought but my understanding from what has taken place that the Committee would be reconstituted by the necessary authority in the House, and empowered to continue its activities at the call of the Chairman.

THE CHAIRMAN: Well, Mr. Drew, I have already expressed an opinion, and that these conversations took place is perfectly correct, and I do not deny it. But I was not under the impression that a definite understanding had been reached.

MR. DREW: Mr. Chairman, I am not going to extend this argument. I will extend the argument in the House, if necessary; but I am not going to leave any question that there was a definite opinion expressed, which was not confined to yourself, as to the existence of this Committee and that the Committee should call witnesses and that it should be reorganized at the prorogation of the House to meet again at your call.

Unless you are prepared to implement that, I would continue the discussion in the House.

HON. MR. NIXON: I think, myself, that is where the discussion should be.

MR. DREW: Well, Mr. Nixon, you must be fully aware of the discussions which have taken place in connection with this. I hope there will be no breach of faith about this. It was the complete understanding that this Committee should be reconstituted by the House and be permitted to recall witnesses.

HON. MR. NIXON: Would you give any indication as to the extent to which this inquiry may continue during the summer?

MR. DREW: Mr. Nixon, I am not going to conduct two arguments. I am telling you that there was a definite understanding that before the House rose to-day this Committee would be reconstituted in the House with power to sit and to call witnesses. I am not going to debate a subject which was definitely understood.

HON. MR. HEENAN: The way I read this, Mr. Chairman, this motion before the House—I do not know what conversation took place, and do not want to. As I understand it, the House ordered this Committee, and there was no limitation, and there is no necessity for reconstituting the Committee again, but that it goes on until some steps are taken to stop it.

MR. DREW: All right, if that is the way you understand it.

HON. MR. HEENAN: That was the motion in the House.

HON. MR. NIXON: Is it your opinion, Colonel, that it requires no reference to the House at all, but that the Committee may continue?

MR. DREW: Mr. Chairman, you have at your disposition the Law Officers of the Crown and the various technical officers. There was a very clear understanding that this Committee was to continue and under terms which we understood; and there was no doubt about it. I am not going to make any further comment. I only hope that when we meet, if the opinion of the Law Officers is that the present resolution empowers us to proceed, then nothing will be done. But if there is, I understand that the proper steps will be taken to see that we have the power.

HON. MR. HEENAN: I would state the position of the Department. We are still ready, willing, and anxious to continue on with this investigation until everything is in that requires to be put in and the Committee is satisfied.

I am of the opinion, and I would request the Committee to continue the sittings until we are finished, even if it took the summer holidays, to continue it so that our Department, which I think you will see from the evidence here is an important Department, can get on with business in a business way, and provide work in the bush and otherwise.

Our whole Department is upset, running after and looking through files, and all that. I am not going to say anything further about that. But if it is the wish that the Committee shall continue, we wish it to continue until its duties are completed.

MR. DREW: Had it not been that there was a clear understanding, I would have taken the necessary steps before this to implement the matter. I expect that the understanding will be given effect to in the House this afternoon.

MR. COOPER: Mr. Chairman, could not we adjourn this Committee until 2.00 o'clock.

MR. DREW: No, I cannot be here.

HON. MR. NIXON: We ought to know whether it is the desire of the members of the Committee to continue. I presume all members of the Committee have the same voice here.

MR. WELSH: Do you not think that probably it is your duty, or the duty of all the members of the Committee to get together and arrange a definite programme. I am of the feeling that we may go on and have only repetition of what we already have. If we could get together and say we would sit for two or three weeks—if we have to sit morning, afternoon and evening, all right—and have a definite programme to follow, bringing in the various parties and allotting them two or three days, say, finishing it up, and not be going on a fishing expedition all the time.

HON. MR. NIXON: I would hate to look forward to a whole summer of this.

MR. WELSH: Personally I cannot afford to do it, and I know very well other members of the Committee are in the same position. I think it should be carried on with due formality, for after all we are breaking faith with the people who are interested particularly in the labour situation, the independent operators and the mine companies.

MR. DREW: Well, there must be no question about this Committee continuing.

HON. MR. NIXON: I understand Mr. Johnson has not finished his evidence. There are others here from Fort William and I know we have received telegrams from Port Arthur labour organizations insisting on being heard.

THE CHAIRMAN: Yes.

HON. MR. NIXON: If it is agreeable to the Committee, why not sit Monday?

MR. W. G. NIXON: If, as suggested, there is some understanding as to the continuance of the Committee, as far as I am concerned I knew nothing about it and there are other members of the Committee who are unaware of any understanding as to what may be done after to-day.

MR. DREW: The remarks left it perfectly clear that there was no thought that this Committee was going to terminate this week.

MR. W. G. NIXON: I feel that we have had a lot of wasted time, and everything, so far, and I agree with Doctor Welsh that if the Committee is to continue we should know what we are up against and have something of a programme of the matters to be considered; get down to business and get it cleaned up.

MR. COOPER: I would think that we ought to ask the House for the privilege of sitting for some time. I suggest that we sit morning and afternoon in order to clear this up. I can understand the position of the Department not being able to do any business while this is going on.

MR. DREW: Let me make one thing quite clear. There has not been one minute's delay so far as those who have been responsible for this Committee are concerned. We have gone ahead and any delay there has been has been caused by the introduction of side issues and evidence. I am not going to be diverted in regard to this problem. So far as Mr. Heenan is concerned we have practically reached the end of his evidence and are, then, in a position to deal with and listen to other cases. There is no one of this Committee more emphatic than I that we must proceed on a definite basis, and we muct call witnesses in a definite order and deal with those witnesses as time progresses.

I am not going to make any comment on the extent of the evidence now, but if you go through the evidence you will see why there has been so much delay already.

HON. MR. NIXON: What we want is a clear understanding now that all the members of the Committee are here, and they have an equal right to express their opinions as to what should be done. It is not fair to put it up to the Chairman after a conference, even with the Leader of the Opposition, to say when this Committee should be called again. The witnesses are here now, and I think we should, if we are going to continue, proceed on Monday and hear the witnesses who are in the city, who have come here at great expense.

MR. DREW: I do not want any misunderstanding about this. I am the Leader of the Opposition, and Mr. Nixon, when he says this, is perfectly aware that I was asked by the Prime Minister to see him, and that the understanding I am referring to is an understanding properly reached with the Premier of the Province, as to the continuance of this Committee, and I have certainly no intention of accepting any responsibility for any misunderstanding which exists at the present time.

THE CHAIRMAN: All that Mr. Nixon suggests is that this Committee should sit on Monday and hear the witnesses who came from Fort William.

MR. DREW: I have expressed my agreement to sitting on Monday, but no

matter what the rest of this Committee feel about it, there is a Dominion election, and I for one am going to take an active part in it. There was a very clear understanding that this Committee would not sit during the continuance of the Federal Election Campaign.

HON. MR. HEENAN: Mr. Chairman, I would like to say a word or two in reply to that. Here is a motion moved by Mr. Drew, seconded by Mr. Macaulay:

> "That a select committee of this House be appointed to investigate, inquire into and report upon all matters pertaining to the administration, licensing, sale, supervision and conservation of natural resources by the Department of Lands and Forests."

All we have enquired into up to the present time is practically everything for the last five years.

I think I am going to have something to say with respect to when this Committee ends, notwithstanding anybody else's position. We have been sitting answering questions here on what related to the last five years. Hell, I have one hundred years to go back.

MR. DREW: And a question which you could have answered in five minutes, it has usually taken one hundred years to get an answer.

HON. MR. HEENAN: I could not put brains into your head if you had none with which to understand me.

Now listen, this is not our election. This Committee is more important to the Province of Ontario than any political advantage any member of this Committee can get out of it.

MR. DREW: Mr. Chairman, I am not going towaste any more time in this discussion. Either this Committee does not sit during the continuance of the Federal Election, but does sit after that, or there is a grave breach of faith.

HON. MR. HEENAN: So far as I am concerned, there is no breach of faith with me. This Committee is going to continue until it is cleared up.

MR. DREW: Mr. Hepburn is still the premier of the Province of Ontario, and following the usual practice, as Leader of the Opposition, I was called in in conference with him.

HON. MR. NIXON: I suggest, so that there be no misinterpretation of the authorities or rules of the House, that a regulation be introduced to continue the Committee.

What about the immediate procedure next week? Colonel Drew says there is no understanding that there be any further sittings.

MR. DREW: I said if it was necessary that some witnesses be here to give evidence, I had no objection to sitting Monday.

THE CHAIRMAN: Might I ask who is here from the North?

HON. MR. NIXON: Has any answer been sent to Port Arthur?

THE CHAIRMAN: Not yet.

Mr. Johnson, are you the only witness here to give evidence from the North?

MR. JOHNSON No, sir; there is a Mr. Cooper who represents Mr. Magnusson.

MR. ELLIOTT: I do not think any witness should be allowed to give evidence unless we feel that it is going to be of some help to the Committee. There was a telegram came here yesterday from Bruce Magnusson from Port Arthur recommending that Mr. Cooper give evidence. Mr. Johnson is from Port Arthur and he should be able to tell us who Bruce Magnusson is and what if any organization he represents.

Mr. JOHNSON: Bruce Magnusson is the president of the Sawmill and Lumber Workers Union, or something like that. That is a duly recognized legal union. He purports to speak for a certain number of workmen, I presume.

MR. ELLIOTT: Is there any association with which he is associated, in order to identify him?

HON. MR. NIXON: It is a Labour organization.

DOCTOR WELSH: For the whole of Northern Ontario, or just for an isolated section?

MR. JOHNSON: Just for an isolated section.

THE CHAIRMAN: Who else is here?

MR. JOHNSON: Mr. Cooper. I do not see him here.

THE CHAIRMAN: If you finish before adjournment, is there anybody else here from the North ready and willing to give evidence?

MR. JOHNSON: I do not represent the North.

THE CHAIRMAN: I mean, from Fort William or Port Arthur?

MR. JOHNSON: I do not know about Port Arthur.

THE CHAIRMAN: What about Fort William?

MR. JOHNSON: None.

THE CHAIRMAN: Well, all right.

There is a motion before the Committee that we be requested to ask the House leave to sit during recess.

HON. MR. NIXON: It is not any serious inconvenience to you to be here at a later date, Mr. Johnson?

MR. JOHNSON: No, sir; I wish to continue right now.

HON. MR. NIXON: To sit next week, I mean?

MR. JOHNSON: Even one or two weeks, yes.

HON. MR. NIXON: Later on in the summer?

THE CHAIRMAN: Not in the summer; in the spring.

MR. DREW: Is it just as convenient for you to sit later, or Monday?

MR. JOHNSON: It does not make any difference to me.

THE CHAIRMAN: Shall a motion made by Mr. Nixon that the Committee be allowed to sit during recess be adopted?

HON. MR. HEENAN: Surely. I would amend that. They must sit.

THE CHAIRMAN: Well, that is not up to us.

Then, the Committee stands adjourned sine die at the call of the Chair.

Whereupon the proceedings of this Committee were adjourned sine die to reconvene at the call of the Chair.

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