

# Item: 18072

**Title:** Discussions with A.V. Roe Company officials - Statement

**Meeting Date:** 1959-02-26

**Reference:** RG2, Privy Council Office, Series A-5-a, Volume 2744 Access Code: 90

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<http://www.bac-lac.gc.ca/eng/discover/politics-government/cabinet-conclusions/Pages/item.aspx?IdNumber=18072>

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(b) Revising the language of the bill to make it more attractive but less precise might alter the intended effects, and there were hazards in doing this with a bill of such widespread application.

15. The Cabinet agreed that the Bill of Rights be revised as suggested by the Minister of Justice.

Discussions with A.V. Roe Company officials; statement  
(Previous reference Feb. 23)

16. The Minister of Finance read a draft of the statement to be made in the house on the current discussions with officials of the A.V. Roe Company, and invited comments. The continuance of the plants of Avro Aircraft Limited and Orenda Engines Limited, as envisaged in the statement, would according to treasury officials, involve the government in an expenditure of approximately \$3 million. This amount could not be brought under cancellation charges. These officials also said that this was a matter which could be done by executive action; there would be no necessity to go to Parliament. An additional contract would be necessary to permit effective control. The government's assistance would permit the maintenance of the technical staff, the design and engineering staff, and the production engineering staff. Of this nucleus, 250 would come from Orenda and 200 from Avro. The cost per month was estimated at \$550,000 (an average of \$1,200 per person per month). According to the arrangements contemplated, there would be a six months' obligation on the part of the government to keep this nucleus together in order to maintain the effectiveness of the company. During that period, proposals for government contracts or action would be reviewed. The proposal met the criticism concerning the disposal of the professional nucleus on whom the rank and file depended for employment.

17. During the discussion the following points emerged:

(a) Why should the government pay the whole cost of this continuance of technical nucleus of the companies. Since this was beneficial to them, why should they not share part of the cost? They did not appear willing to do so. The company should pay at least half. The government after all was helping them to retain a nucleus of technical personnel who would be used for the purpose of getting new contracts. The record of A.V. Roe profits indicated that, in the last four years, the company in Canada had made \$34 million.

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(b) A suggestion was made that the estimates of the National Research Council might be increased considerably in order to employ many of these technical people. It was pointed out, however, that the present proposal was designed to keep in being the set-up at Malton.

(c) Whatever action the government took to keep the nucleus of the technicians functioning at Malton, the opposition would be bound to say that the government should have worked out proposals with company officials several months before.

(d) There was also the question of the labour contract at Malton. An agreement had been negotiated in November to provide for a wage increase. The union members had refused to approve it. They now wanted the pay increase (5 cents an hour) retroactive to August and the increased severance pay. The clerical staff had signed the agreement some time before. The company was seeking the government's advice on whether it should sign the agreement. There was no legal obligation, but there seemed to be a moral one. The wage increase would represent about \$250,000 while the benefits in severance pay would represent approximately \$750,000. It was pointed out that the agreement had been initialled by union as well as management and following rejection of it by the members steps had been initiated to establish a conciliation board. The government would be in an unenviable position if it said to the company that it would object to the signing.

18. The Cabinet agreed,-

(a) that a further meeting be held between the group of Cabinet ministers and Avro officials to redraft the statement which the Prime Minister would make in the house the following day; and,

(b) that the proposal be made to the officials that, if the company agreed to pay half the cost of maintaining the nucleus of 450 technical personnel, the government would raise no objection to the signing of the revised labour contract.