

PLAINTIFF'S
EXHIBIT

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Exhibit No. 123

Exam of R.S. Merrill

April 5/89
Shannon Kernaghan
Official Reporter

J.E. Loe

MINUTES OF THE SPECIAL GENERAL MEETING OF THE
QUESEC ASBESTOS MINING ASSOCIATION
HELD ON OCTOBER 11th AND 12th, 1971,
AT THE BROADMOOR, COLORADO SPRINGS, COLORADO

MONDAY, OCTOBER 11th, 1971

There were present:-

Messrs.:	W.W. Oughtred	- President
	F.P. Smith	- Vice President
	J.R.M. Hutcheson	- Director
	R.J. Merrill	- Director
	M.C. Carpenter	- Director
	M.J. Messel	- Director
	Ph. Casgrain	- General Counsel for the Association
	P.A. Filteau	- General Manager and Secretary

There were also present:-

Messrs.:	I.C. Campbell	- Chairman of the Legislation and Taxation Committee and of Public Relations Committee
	J.O. Eby	- Chairman of Industrial Relations Committee
	W.H. Foster	- Chairman of Uniform Classification & Grading, and Technical Committee
	R.P. Gagnon	- Chairman of Traffic Committee
	K.V. Lindell	- Chairman of Occupational and Environmental Health Committee
	A.H. Bagenstose	- Carey-Canadian Mines Limited
	M.P. Carson	- Asbestos Corporation Limited
	D.T. Colton	- Johns-Manville Corporation

PLAINTIFF'S
EXHIBIT

85

PLAINTIFF'S
EXHIBIT

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Messrs.: Y. Couture - Canadian Johns-Manville Co., Ltd.
E.J. Killian - National Asbestos Mines Limited
N.W. Hendry - Canadian Johns-Manville Co., Ltd.
J.B. Jobe - Johns-Manville Corporation
L.E. Piuze - Lake Asbestos of Quebec Limited
D. Poutiatine - Johns-Manville Corporation
W.J.W. Smith - Bell Asbestos Mines Limited
W.L. VanDerbeek - Johns-Manville Corporation
M. Dorais - Bell Asbestos Mines Limited
A.R. Hooker - Flintkote Mines Limited
M. Prus - Carey-Canadian Mines Limited
J.D. Christian - Cassio Asbestos Corporation

The President of the Association, W.W. Oughtred, acted as Chairman and P.A. Filteau as Secretary of the meeting.

The Chairman declared that a regular notice of meeting had been duly mailed to all the Directors of the Association and said notice was ordered to be entered at length in the minute book of the Association.

There being a quorum, the Chairman declared the meeting duly constituted.

The minutes of the Special General Meeting of the Association held on March 19th and 20th, 1971, were duly approved.

The Committee Chairmen were then requested to report.

UNIFORM CLASSIFICATION & GRADING, AND TECHNICAL COMMITTEE

In his report, the Chairman stressed among several points of interest the possibilities of the "Thermogravimetric Analysis" procedure (Eternit Kapella and Turner Newall Laboratories) to identify impurities for certain end uses of asbestos fibres.

Recent harshness-softness test evaluations conducted by C.I.P. Research confirm the opinion of the industry as to Group 3 fibre ratings.

The Asbestos Cement Producer Association has agreed to join again with the A.T.I. and Q.A.M.A. as sponsor of the next edition of the manual of Testing Procedures for Chrysotile Asbestos Fibre.

INDUSTRIAL RELATIONS COMMITTEE

Summarizing his report, the Chairman observed that the Government had officially enacted new regulations for the storage and handling of explosives with which, it was felt, the mining Industry could live. The additional expense to the suppliers will very likely be reflected in the cost to users.

As to the notice in the case of "Collective Dismissals", the C.C.T.M. has proposed to the Department of Labour and Manpower a revised regulation providing for the advance notice required by the Act in the case of a permanent termination of employment and, if temporary, a notice at the time that termination takes effect. The employer determines whether the layoff is permanent or temporary.

In the case of the new Unemployment Insurance Act (Bill C-229) the question of integrating the new U.I. Accident and Sickness benefits with existing private A&S Insurance benefits or other government programs remains to be solved. This will no doubt be an important point in the forthcoming labour negotiations.

The Advisory Committee to the Workmen's Compensation Commission has recently recommended that the application of the present merit system (Art. 90, par. 3) be extended to all classes of employers who wish to take advantage of this system. On this premise the demerit system, as proposed by the Workmen's Compensation Commission, would operate as provided for in Art. 77 of the Workmen's Compensation Act and apply to all classes.

Bill C-253, tabled in the House of Commons on June 28, 1971, proposes that any employer wishing to make a technological change must give notice to the bargaining agent who may ask to commence collective bargaining for the purpose of revising the existing provisions. In other words, the Bill would grant the right to strike during a labour agreement over a union-management dispute resulting from a technological change. Such a prejudicial feature to the economic development of Industry has brought on the Minister of Labour protest from all employers associations throughout Canada (C.M.A., C.P.O., Prov. Mining Assoc., etc.). An important discussion meeting on Bill C-253 was held with the Federal Authorities on October 10th.

In the case of the closure of Flintkote operations, the other asbestos companies in the area have agreed to give due consideration to applications of employees to be laid-off.

TRAFFIC COMMITTEE

The main points emphasized by the Chairman in his report can be summarized as follows.

Majority of ocean rates are scheduled to expire on March 31, 1972 and meetings will be scheduled with the various services in the near future to determine 1972 transportation costs as early as possible.

Both rail and truck rates to St. Lawrence River Ports expire on December 31, 1971 and meetings with these services will be convened shortly to negotiate 1972 rate levels.

Container inland rates have not been subjected to an increase since 1969, which would indicate higher transportation costs for 1972.

U.S. Railways will again in 1972 attempt to get increased revenues to offset labor demands and higher operating costs through assessment of a 3% rate increase on international rail movements effective January 1, 1972, coupled with a further 4% increase scheduled for April 1, 1972.

The Stevedoring Firm at the Port of Three Rivers has been successful in controlling nominal charges on warehousing space and has also permitted reasonable free time at the port prior to vessel loading. These arrangements could be seriously affected and result in increased charges, if the National Harbours Board decides to operate these sheds on a more strict transit basis. Increased charges could direct tonnage to other St. Lawrence River Ports which would not be located in such advantageous proximity to the Asbestos industry.

Indications are that all commodities will face increased transportation costs during the 1972 shipping season and the Traffic Committee therefore anticipates continued activity to finalize negotiations with both inland and ocean carriers.

LEGISLATION AND TAXATION COMMITTEE

The Chairman reviewed briefly the major areas of change in Canadian Tax Policy, proposed in Bill C-259, which would affect the Mining Industry. Under the new system, the overall tax picture for mining companies should not be very much changed. Further action is being taken to broaden the definition of expenditures eligible for accelerated depreciation and earned depletion.

Bill C-256, the Competition Act, introduced on June 29th by Hon. Saksford will be reviewed at public hearings during November. This new legislation is designed to prevent monopolies or trusts from limiting competition in business. It makes a criminal offense out of various restrictive or unfair practices and provides for a tribunal to rule on complex economic matters such as company mergers which may lead to monopolies. The proposed legislation is being much criticized by business men who argue that the government is interfering in private enterprise. As a result the bill will quite likely be shelved until 1973.

Counsel has attended the first hearings on Bill 48 which were adjourned after a one-day sitting to October 11th. A serious point of contention which raised considerable opposition is the non-availability of the "assessment handbook", to be introduced later by regulation. It is feared the contents might affect the generally accepted interpretation of the Act, especially as regards mining facilities and related real estate. Counsel plans to watch developments very closely, since he expects to make representations for several parties on this proposed legislation.

Agreement is also expected relative to an amendment to Art. 206 of the Quebec Mining Act submitted at a meeting of the Canadian Bar Association by a representative of SOQUEM in the matter of unregistered mining right. After discussion between the Chairman of subject Committee and the proposer, Counsel feels that he can redraft the amendment to the mutual satisfaction of all parties concerned.

PUBLIC RELATIONS

Only the highlights of the report prepared by the Director of Information Services were reviewed by the Chairman.

a) Increasing acceptance by the employees and the general public of the new French-English presentation of the Producer seems evident from comments received.

b) The English-French technical lexicon is progressing slowly in search for greater quality.

c) The poor headlines accorded Dr. McDonald's report by the Canadian news media was deplored. Nevertheless it carried the message that chrysotile asbestos fibre constitutes little hazard to mining production workers and virtually none to the general public. An effort should be made to demonstrate the beneficial uses and applications of chrysotile in protecting the lives of people, its economic importance to the country and the measures taken to suppress any ill effects from dust exposure.

ENVIRONMENTAL CONTROL COMMITTEE

Following a discussion on the question of selling and giving tailings in place or fresh run-of-mill tailing for use off company properties, it was agreed that the Committee would make a survey of present company practices and policies concerning the distribution of tailings and would report on what is involved in phasing out present practice. This should allow everyone to give full consideration to the matter.

NEW BUSINESS

Visit of Dr. V. Goldbloom, Minister for the Quality of Environment:-

The above meeting has been scheduled for October 21st, at 4:00 p.m. in the Board Room of the Asbestos Corporation Office in Thetford Mines. Dr. Goldbloom will be accompanied by his deputy-minister Dr. J.B. Sundock. The program would consist of informing the Minister on the environmental control policies and measures taken by the Asbestos Industry, the research sponsored by O.A.M.A. on the biological effects of asbestos and methods to improve dust suppression, etc.

It was agreed that the Chairman of the O.E.H. Committee would monitor the meeting. Paper (with slides) to be given by J.R.M. Hutcheson on Environmental Control in the asbestos industry and Dr. G.W. Wright to make a general review of the asbestos and health problem since 1950. Recent dust measurements taken in the air surrounding Thetford Mines and Asbestos could also be given. Amount of money spent for research on asbestos and health could also be stated.

It would seem appropriate that each Company be represented by two officials. Also to be asked to attend were: Drs. Cartier, Grainger, Pelnar and Wright, Ph. Casgrain, Counsel, Karl V. Lindell and P.A. Filteau. The group to meet at 12:30 p.m. of same day at the Bell Asbestos Staff House to discuss the proceedings of the meeting.

Annual December Reception - December 5, 1971:- The next Meeting of the Directors of the Association will be held at 10:00 a.m. Sunday, December 5, 1971, at the Chateau Frontenac, Quebec City.

At 2:30 p.m. will follow a meeting of the Executive of the I.O.E.H. and at 6:30 p.m., the Directors and their associates will act as hosts at a reception and dinner in the Chateau Frontenac extended to Government officials and representatives of various associations and institutions.

COMMENTS ON GENERAL BUSINESS CONDITIONS

"Business in the U.S.A. is good, but controls make planning difficult. Building products industry is operating at close to capacity."

Trend in housing and industrial starts is upward (1,850,000), and in general asbestos-cement pipe business is doing very well.

"As a result of the Nixon freeze on wages and prices, labour is expected to be quite militant and one can foresee a period of discussion and arguments."

The 10% surtax should not affect the Canadian fibre business to any great extent, except indirectly in the ability to sell to countries which are seriously hurt by said surcharge. The short fibre business is very strong.

"The long term forecast in the fibre and pipe business is encouraging but industry must show leadership to meet customer demand."

In the U.K., the present depressed conditions are expected to continue for another six months; people are looking for some sign of recovery and are quite concerned about 1972. Buyers are cautious, awaiting monetary problems to be solved. More stability must be shown.

In certain cases, business volume is ahead of last year or right on target as per budget and plans at beginning of year. 1972 according to surveys by architects offices indicate increased commercial projects as compared to 1971. In the operating end, however, environmental and ecological problems are consuming considerable time.

The excellent performance of one company in 1971, possibly 20% over 1970, has prompted same to gearing operations to work at 95% of capacity in 1972. It is feared, however, that radicals are taking over in labour unions.

The floor tile fibre market has been very good in 1971. Medium grade fibre business should also be on par with 1970.

In view of air-pollution control problems, one mining operation is seriously considering changing over to wet processing of tailings, i.e., a tailings pond.

Outlook for spinning fibres appears strong for 1972.

In Europe, the people seem to have a good understanding of the U.S. problem and to believe that without a strong U.S. economy, they can't have a stable economy at home. It is the general feeling that the U.S. will devalue by some 5%.

In the case of Japan, the yen has gone up 13 to 15%, which is what the U.S. wishes.

- 10 -

With the present market outlook, it would seem proper to recommend that the Asbestos Hill operations be conducted at a moderate rate for the first year, so as to take the pressure off the market.

ADJOURNMENT

There being no further business, the meeting then adjourned.

CERTIFIED CORRECT

Secretary

Chairman

MINUTES OF THE SPECIAL GENERAL MEETING OF THE
QUEBEC ASBESTOS MINING ASSOCIATION
HELD ON OCTOBER 11th AND 12th, 1971,
AT THE BROADMOOR, COLORADO SPRINGS, COLORADO

TUESDAY, OCTOBER 12th, 1971

In addition to the Directors and their Associates who attended the meeting of Monday, October 11th, Dr. George W. Wright, Chairman of the Scientific Committee of the I.O.E.H., was present and participated in the discussion.

After calling the meeting to order, the President, W.W. Oughtred, invited K.C. Lindell, Chairman of the Occupational and Environmental Health Committee to chair the meeting.

Reviewing the recent publicity on asbestos and health, the Chairman expressed his disappointment as to the headlines and comments of the Press following the news release on Dr. McDonald's report.

The Chairman reviewed briefly the highlights of the Ottawa meeting on the biological effects of asbestos which he attended September 8th, 1971 (see report of Dr. P. Pelnar re same). There were 24 people present, 12 from Industry and 12 from Government and other sectors. There seemed to be a lack of knowledge on the part of Government people. Dr. McDonald's report was fully discussed and commented by several members of his team. Mr. Lindell pointed out that he objected very strongly to a statement made by Dr. Buchwald to the effect that the T.L.V. in community air should be one (1) fibre per cc (fppcc) for which, in his opinion, there was no scientific basis.

Dr. A.J. de Villiers was appointed Head of the National Committee on the Biological Effects of Asbestos. It was emphasized that the Committee should continue to operate with adequate industry participation.

Dr. Pelnar attended an International Symposium on the Identification and Measurement of Environmental Pollutants which was held in Ottawa June 14th to the 17th, 1971. His report shows that there were 700 participants and although some of the presentations were aimed at promoting the monitoring of pollutants in the air, no global program was recommended at this time.

Another meeting was held in Finland on the Shipbuilding Industry. The Swedish delegation presented a paper which was damaging to the industry since it concluded against the use of asbestos in shipbuilding. A Russian speaker dealt with generalities and explained that he had no statistics because there was no problem in his country, since people were moved as soon as affected by dust. At this time, the Chairman called on Dr. Wright.

DR. GEORGE W. WRIGHT

In his usual masterful way Dr. Wright made a tour of the horizon of the asbestos and health issue. In his notes - copy of which will be forwarded later - Dr. Wright commented on:

- a) the status of the research projects presently sponsored by the Institute;
- b) his recent trips to Finland and Bucharest (Romania);
- c) the present trend of the Federal Government in U.S., in the application of Workmen's Compensation policies;

- d) Pressing problems, such as Occupational T.L.V.'s, emission controls on air-borne asbestos by the E.P.A., etc., referring with emphasis to the recent publication of the National Academy of Sciences on "Asbestos, the Need for and Feasibility of Air Pollution Controls", copy of which publication is attached for your perusal.

Finally, Dr. Wright submitted that he would like to prepare a list of research projects and priorities covering work needed to be pursued in order to cover reasonably well several important aspects of the asbestos and health problem which had been ignored so far.

To allow Dr. Wright to approach, on a practical basis, people who would likely be disposed to carry out research on certain pressing problems, it was resolved that:

Provided a feasible programme can be developed with the proper people and within the financial capabilities of the Q.A.M.A., the latter will duly support such additional research.

CARRIED.

There being no further business, the meeting then adjourned.

CERTIFIED CORRECT

Secretary

Chairman