

*Railway Act*

service will be more efficient and effective, particularly in those areas where there is a great need for improvement? What assurance do we have that the passage of this bill and the giving of this \$808 million bonanza to the CNR will improve grain transportation and maritime rail services, just to name two? Furthermore, what guarantee do we have that additional funds will not distort and disrupt the competitive balance which was such a prominent issue during committee proceedings?

In conclusion, let me point out that we have had extensive hearings on this matter. Questions have arisen which have not been answered fully, in our opinion. Essentially we are concerned about the long term impact of this bill. We genuinely believe that it is not required at this time. We believe the bill should be delayed. My colleagues and I cannot support Bill C-17 at this time.

Because of this, I should like to move:

That Bill C-17, an act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be not now read a third time but that it be read a third time this day six months hence.

**Some hon. Members:** Hear, hear!

**Mr. Ron Huntington (Capilano):** Mr. Speaker, I am pleased to have an opportunity to speak to the amendment submitted by the hon. member for Lisgar (Mr. Murta). In my opening remarks, I should like to compliment the incumbent president of the CNR on the very complete job which he has done. He has managed to take what historically has been a very costly Crown corporation and turn it around. I guess the CNR is the grand-daddy of all Crown corporations.

Back in 1975, the CN had a loss of \$16 million. It was brought from that point to a profit position of \$11.7 million in 1976 and \$28 million in 1977.

The hon. member for Lisgar put an analysis of a five-year profit projection on the record. That is a valid projection which must be considered by all hon. members of the House in order for them to understand our reasons for feeling that this matter should be hoisted for six months. In fact, there is no immediate need for it.

● (2142)

The incumbent president has done a very creditable job when one considers what he started with. He has shown abilities that exist in few men. I might also say that now that the annual income of the president of the competing organization, the CPR, is known, it is obvious the president of the CNR is very badly underpaid. The House and the Minister of Transport (Mr. Lang) should bring his salary up to the level of those few men we see in our lives who have the ability and the capability of directing large organizations such as this.

Since being a member I have been quite active on the Standing Committee on Transport and Communications, and on behalf of my party I have done quite a bit of study. I have had the opportunity of getting to know many of the aspects of both our major railroads. I have been very pleased with the

[Mr. Murta.]

spirit of technology and excitement which appears to exist within the research section, management, the freight section and the people involved in the new technology the CNR is putting in place.

The point was ably made by my colleague the hon. member for Lisgar that the railroad has been turned around. It is showing a potential, with its present balance sheet structure and its present management, to earn a profit and become the pride not only of management and the employees of that Crown corporation but of the shareholders of the Corporation, the people of Canada, whose spokesmen sit in this House.

Historically, for each dollar of revenue the Canadian Pacific Railway has it operates at a cost of 91 cents. Historically, prior to the incumbent management of the CNR, for each dollar of revenue it has operated at a cost of \$1.01. We have seen a tremendous improvement, to the credit of Dr. Bandeen.

One of the other reasons for this improvement, and I want to emphasize them, is that the government is in the process of removing substantial burdens, probably political burdens, which the CNR has historically carried. The Newfoundland railroad system would appear to be under study and potentially is to be removed as a burden of cost on the CNR. The Crowsnest rates referred to in the Hall report appear to be under study.

To me it seems quite obsolete to carry on with that kind of pressure on the proprietary operations of a Crown corporation such as the CNR. There will be direct subsidy payments involved there, instead of the operating loss being against the railroad, requiring further subsidy. The government is also involved in underwriting the capital for the hopper cars for this railroad, thus removing that burden. The passenger aspect of the railroad is being removed and put into VIA. That should remove \$50 million in costs from its operations. There have been massive appropriations, something like \$600 million, for roadbed improvements, and the government is attempting through this bill to remove something like \$60 million in interest from the company's operating cost. With these aids the CNR has not only turned around, but is showing potential for substantial profits commensurate with its gross earnings.

I now have to raise a number of prime questions. What is the level of profit we should expect from a Crown corporation, a proprietary corporation that is turning the corner and is moving into a very exciting new area of modernization and technology? How much profit is too much profit in a Crown corporation? Where will the earnings be applied and to what aspect of that operation will they be used? Who makes these decisions? Now that there are no appropriations of funds, and by reducing debt and giving it a ratio that allows it to go into money markets, what control do the shareholders, the people of Canada, or the Parliament of Canada, have over the decisions by its board, its chairman and its officers? These are serious questions today because we have had a whole series of examples in the last four years involving Crown corporations that appear to be operating out of control.

This is the third recapitalization the CNR has undergone. We just have to go back to the statement of the then minister