

*Adjournment Debate***PROCEEDINGS ON ADJOURNMENT
MOTION***[English]*

A motion to adjourn the House under Standing Order 40 deemed to have been made.

CANADIAN NATIONAL RAILWAYS—INTENTION TO ABANDON
TRACK IN NOVA SCOTIA—GOVERNMENT POSITION

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, last June the Minister of Transport (Mr. Pepin) refused to indicate his support for the retention of the Oxford subdivision of the Canadian National Railways in Nova Scotia. This 55 miles of track known as the "short line" is very important to Nova Scotia. Also at that time the minister declined to investigate the condition of the railway, the deplorable condition of the track itself. As I understood his reply, he indicated that the CTC, as far as he was concerned, was the end-all and be-all. He would not do anything until they made a decision on an application to abandon this part of the system.

In the meantime, almost six months have come and gone. Conditions on the short line, as far as I know, have not changed, and its future has been left under a cloud.

The disgust that members of Parliament of all parties currently feel toward CN policy transcends partisan politics. Jeff Matthews of the Halifax *Chronicle-Herald* noted the following in a recent story:

If the Commons had been voting Monday on a least popular corporate citizen, the CN just might have run away with the prize.

The story which triggered this particular feeling was, of course, the CN's current policy in closing many of its express terminal services.

As you know, Mr. Speaker, yesterday the hon. member for Hillsborough (Mr. McMillan) took the unusual but appropriate step of moving the adjournment of the House to discuss this particular move of CN which will cause over 250 CN employees to lose their jobs and inflict substantial hardship within the region. The minister is aware that CN has been systematically divesting itself of appendages which detract from its profit picture. However, he must surely agree that while profitability is commendable in a Crown corporation, a national railway system has a service to perform as well.

It is always timely to remind the House and the country that since its formation the CNR has been relieved of its debt and interest costs four times. The total relief provided from 1922 to 1978 has been in excess of \$6.7 billion. At times CN management has been rather erratic, to say the least. For example, after the recapitalization that took place in 1952 which gave CN a debt-equity ratio almost identical to that of CP, CN proceeded to convert its power fleet from steam locomotives to diesel, and completed this conversion in less than half the time it took the CPR. Of course, if one was not taking depreciation into account and just had \$700 million worth of debt written off, one could go out and borrow any amount to buy new diesel engines, which is exactly what they did. CN expected that

investment to make them so efficient that they would be able to beat CP into the ground. But, it has not quite worked out that way, and their trucking ventures did not work out that way either. They paid two or three times what any sane trucker would pay for an acquisition, and of course they could never generate an adequate return for the capital outlay. The tower in Toronto is another example of CN policy. It cost them 2.5 times as much to build it as they thought it would, and the number of paying customers is much less than they had anticipated. So the tower is not earning an adequate return either, and thus it goes on. Nor can they adequately maintain a very important part of the Nova Scotia railway system.

A major portion of the short line railway runs through the county of Pictou, connecting it with the rest of the province and the nation. Without it, the town and the port of Pictou would be cut off from our national rail system. According to the national statistical agency, the town produced nearly \$8 million in shipments of manufactured goods in 1977. Of course these statistics do not take into account the massive Michelin Tire complex at Granton. Instead of the dismantling and dismemberment of our railway system in Atlantic Canada—and I am speaking specifically now of Nova Scotia—what is needed is a detailed study of how it can be improved, such as those undertaken in western Canada. Such evaluations, whether by Mr. Justice Emmett Hall or others, have called for a reasoned approach. Neither DREE, the federal Department of Transport, nor the Nova Scotia department of transport has yet shown initiatives in regard to the Nova Scotia rail system. The maritimes are perhaps the only region in Canada where the railways are allowed to implement piecemeal abandonments without reference to the region's total rail transport needs. Piecemeal moves to dismantle sections of our rail system run a high risk of producing a truncated rail transport system.

• (2205)

No further abandonments in relation to the maritime rail transport system should be considered until an adequate evaluation has been undertaken in regard to the region's present and future needs. Since constitutional matters are dominating the attention of Parliament, it is timely to remind the government that the federal government is under a constitutional obligation to maintain Nova Scotia's rail link with New Brunswick and Canada.

As a sidelight, it is interesting to denote careful reading to the debates in the House of Commons which reveal the air of constitutional obligation under which the Canadian Government Railways were authorized in 1886 and 1887 to complete the then Oxford Junction and New Glasgow branch of the Intercolonial Railway, which is the branch about which I speak tonight. I quote from *Hansard* of 1887 the words of the Liberal member of Parliament from Nova Scotia who represented Guysborough. His name was John A. Kirk. This is what he pointed out:

Then, the local legislature, during the session of 1886, passed a resolution asking the people of Nova Scotia to decide at the polls whether they wished to continue