

*Canadian National Railways*

the aspects of each in light of the change in wording of this resolution.

Personally, Mr. Chairman, I do not want to see the creation of an empire with the public of Canada supplying the necessary capital for investment in securities of affiliated companies without an opportunity being provided to the standing committee to scrutinize the financial statements of each. I concur with the remarks of the hon. member who preceded me when he suggested that the system of cost accounting used should be taken into consideration. We all know that it is most difficult to try to keep up with this particular system. I do not necessarily disagree that the required capital may have to be supplied for affiliated companies, but to invest in securities in these affiliated companies is a proposition that leaves me somewhat in doubt.

Another point with which I have been concerned for a long time is the outstanding bonds issued by the Canadian National Railways. I have asked in an inquiry of the ministry for certain information concerning these bonds, and possibly during the resolution stage the minister will be prepared to answer my questions. One of the questions dealt with who holds the existing C.N.R. bonds and where they are located. Another asked whether the C.N.R. has made any effort to get the bonds back and, if so, what action has been taken in this regard. The third question asked how many bonds the C.N.R. has bought back and how many are now held by the company. It has already been stated that many rumours circulate around this institution, but I understand that at the present time some people are attempting to buy old, outstanding bonds. I should like clarification in this regard.

It is completely ridiculous, in my opinion, that the taxpayers of Canada should provide a pleasant income for so many people, perhaps in all parts of the world, by permitting them to hold old bonds. It would be interesting to note the amount of interest return received by each bondholder. It is my opinion that these bonds should be bought back at the earliest possible date in order that the C.N.R. can clearly show its actual inputs and outputs in its operating budget without having to include interest paid on outstanding bonds. It is my thought that the C.N.R. itself would be most pleased if this were brought about.

I am pleased, in looking at the annual report of the C.N.R. for 1967, to note an

[Mr. Skoberg.]

improved picture under the heading of passenger services as related to the use of facilities, and also to note the reasons given for this picture that appears in the annual report. For example, at page 5 of one of the annual reports an important part of this improvement is attributed to a positive, market-oriented approach to the passenger business. On page 11 of the same report the statement is made that the provision and effective promotion of new and improved train services in certain areas was also an important factor. I realize that Expo could have had something to do with the improved picture suggested in the report, but I must congratulate the management of the C.N.R. for their approach to the passenger market, other than the passenger market in Newfoundland.

I am certain that Canadians as a whole agree that with growing congestion on our highways and the increasing difficulty of obtaining air travel accommodations, rail passenger travel is both desirable and urgently needed at this time and particularly in the future. It is an absolute must that in the financing of the C.N.R. adequate provision be made to ensure that all parts of Canada will be serviced by rail passenger traffic. While I appreciate that there is a great push to get rid of uneconomic passenger services, I think it would be a disservice to the country if such services were discontinued. Certainly this is a problem with which the house should concern itself immediately, instead of waiting till it is too late.

I should like to quote a paragraph dealing with federal government payments to be found at page 6 of the annual report for 1967:

Provision is made for the railways to withdraw uneconomic passenger services or branch lines subject to the approval of the new Canadian Transportation Commission set up under the act. If the commission decides that an uneconomic passenger service or branch line should be maintained in the public interest, the railways will be compensated, in whole or in part, for losses in respect of each specific operation.

On page 11 of the report, under the heading "passenger services" the following paragraph appears:

The company continued to pursue a positive policy of concentrating on the provision of such passenger services as may be required in areas of profit or potential profit. Steps have been taken and will be taken to seek withdrawal from, or obtain public monetary support for, those unprofitable services which do not fit into that pattern; the objective being to eliminate the deficit in passenger operations.

No matter how one may wish to rationalize, when rail lines and services are eliminated an