

*Transportation*

**Mr. Horner (Acadia):** The amendment I propose to move is to clause 74, section 469. I give notice of it if the minister wishes to study it.

**The Chairman:** Perhaps the hon. member misunderstood me. I see nothing irregular in receiving from the hon. member notice of an amendment which he proposes to move to clause 74 while we are on clause 1.

**Mr. Horner (Acadia):** Thank you, Mr. Chairman. I will deal with my suggested amendment first. As has been stated many times before, this bill deals with many aspects of transportation. On reading committee proceedings No. 34, in which appears a brief submitted by Canada Steamship Lines, a small omission in clause 74 was brought to my attention. On page 2301 of the proceedings of that committee this company presents strong arguments in support of its contention that section 469 of clause 74 does not allow it a phasing out period with regard to the subsidy to which it is entitled under the Freight Rates Reduction Act. Section 469 states:

"eligible companies" means the railway companies under the jurisdiction of parliament that are subject to Order No. 93600—

The point is that Canada Steamship Lines has been entitled to part of the subsidy under the Freight Rates Reduction Act, which was a roll-back of the 17 per cent increase. Order No. 93600 refers directly to the order of the Board of Transport Commissioners allowing the transportation companies to increase their freight rates by 17 per cent.

In 1959 the government introduced the Freight Rates Reduction Act which states that "company" means a transportation company. The important point here is that in the Freight Rates Reduction Act reference is made to transportation companies while in section 469 reference is made to railway companies and the phasing out over a three year period of the \$20 million subsidy granted to them under the Freight Rates Reduction Act. I do not know just what is the minister's intention in changing the wording from "transportation companies" to "railway companies".

On page 2436 of the same proceedings of the transport committee there is a list of transportation companies which have received the subsidy. I could read it but to save time let me say that there are about 13 companies in all and only one of them is a steamship line; the others are railway companies.

[The Chairman.]

Some of them are United States railway companies. As the bill stands now, on that part of the business done in Canada by United States railway companies they will be allowed a phasing out period under the bill but we are excluding Canada Steamship Lines whose freight rates on class and non-competitive goods were frozen on the introduction of the Freight Rates Reduction Act.

I think it is logical to expect that they should be given an equal chance with regard to the phasing out of this subsidy. If they are not, they are being placed in a difficult position vis-à-vis the railway companies with whom they are in competition. The railway companies will be allowed to keep their rates a little below those the competition shall set, but the steamship company will have to set its rates in relation to its costs and in that case they will be higher than those of the railways. Therefore the steamship company will either lose business to the railway companies, because with this subsidy the railway companies will be able to charge lower rates, or the steamship company will have to keep its rates low and lose money or have a diminishing return in respect of profits. In this connection I have taken into consideration the minister's remarks as reported at page 12130 of *Hansard*. In dealing with this matter he said:

● (4:30 p.m.)

It was represented to us in the standing committee by the Canada Steamship Lines that their rates had been frozen at the time of the rate freeze put on by the previous government in 1959—

The minister went on to say that he had given this matter a great deal of thought and had come to the conclusion that because the transitional subsidies for the railways are made up of a number of different things, upon some of which Canada Steamship Lines has no claim to any share, this computation should be made very carefully. Surely the minister is there suggesting that by some means Canada Steamship Lines has been receiving part of this subsidy under the Freight Rates Reduction Act which it cannot justify or was not entitled to receive. If it was entitled to part of the \$20 million subsidy provided under the Freight Rates Reduction Act, it should be entitled to part of the money which will be allocated to these companies in the phasing out period.

I have a minor amendment which I should like to put forward. I ask the minister to consider it very seriously. I have read the remarks of the minister in this regard. He