

question of the financing of Canada's major Crown corporation.

The major difficulty which gives rise to some of the spirit—and as far as that goes, the basis for the fact that members have found it necessary to make amendments to this bill—is, as the hon. member for Mississauga has pointed out, that the CNR has abandoned to a large extent its primary function. This point has also been made by the hon. member for Timiskaming (Mr. Peters) and other members who have preceded me in this debate.

The difficulty in which this House finds itself when discussing this important piece of legislation was precipitated, I suggest with deference, Mr. Speaker, by the unusual and somewhat reprehensible practice followed by the present head of the CTC, when he was a minister in this place, of interrupting the established procedure for the appointment of auditors. We now have the rather ridiculous situation where we have one auditor coming, one auditor going, one auditor gone and two auditors hanging on. We have the firm of Cooper and Lybrands which is going to be entrusted with auditing the CN for the next few years as the result of an amendment proposed by the hon. member for Timiskaming which was accepted in committee and now forms part of the bill. It was a good amendment because it gave a little stability to a precarious situation. At one stage we had a situation where a firm of auditors had been appointed approximately for 40 years, and then were discharged. This made it most difficult to have an annual report submitted because those auditors enjoyed the so-called sanctity of parliamentary approval, while their successors have not received it.

In the last session of this parliament the government introduced the predecessor of this bill, the Canadian National Railways Financing and Guarantee Act, 1971. That bill covered the financing period from January 1, 1971 to June 30, 1972. The government brought the bill on for second reading on March 6, 1972 and on April 21, 1972 the debate on second reading was adjourned. The government never proceeded with the bill during the life of that parliament. This indicates the respect they must have for this particular piece of legislation.

In this session, Your Honour, the government introduced Bill C-164 on March 19, 1973, which relates to the financing period of January 1, 1973 to June 30, 1974. The only retroactive provision with respect to the year 1972 appears in clause 13, but it is not adequately set out. In effect, we now have a bill covering the CNR and Air Canada financing for the period from January 1, 1971 to June 30, 1974, a 3½ year period. There is a six-months hiatus not covered by the bills that extends from July 1, 1972 to December 31, 1972.

● (1520)

It is obvious that neither the ministry of transport nor the government are treating this legislation with the respect it deserves. It is equally obvious that the financial affairs of CN and Air Canada are controlled by the government alone. The annual financing bill in many respects is a mockery. It is designed to delude the public and its representatives in this House into thinking that they control these two great and important public utilities.

Canadian National Railways and Air Canada

In essence, the CNR has only to give the government a promissory note for whatever hundreds of millions of taxpayers' money it wants. And, if Air Canada wants any money, it can include that sum in the amount on the face of its promissory note. I, therefore, think that Parliament should be more selective in approving and authorizing funds. That, of course, is the spirit and intent behind the amendments proposed by the hon. member for Mississauga.

It is obvious that CNR has neglected its primary function, that of moving goods and services efficiently. Canadian National, in particular, needs to modernize its transportation capabilities. The current energy crisis has shown that in this country we are not fully capable of coping with this situation from the point of view of transportation. I am sure that is apparent to the Minister of Transport (Mr. Marchand). Unfortunately, the situation of CN has become so critical that nothing can be done over the short term. Ironically, the energy crisis may bring about the development and improvement of the Canadian National system. This sort of thing appears to be happening in the United States. According to a recent article in the *Wall Street Journal*, the energy crisis will cause an extended use of Amtrack. Clearly, it is in the interest of the United States to improve the capability of its railways, and that system is an experiment in that direction. What is Canada doing?

Both the present Minister of Transport and his predecessor in office have said repeatedly that the CN financial structure, as well as transport policies, are in desperate need of revision and modernization. The fact that the schedule of the Rapido train was changed without the knowledge of the Minister of Transport shows that there is a lack of direction with regard to that major utility. The fact that the President of Air Canada did not know about the proposed airport head tax until he read about it in the newspapers indicates a lack of consultation. It is obvious to anyone speaking to top executives of Air Canada, as well as other air line and CN employees, that there are morale problems. That this situation has been allowed to develop is an indictment of this government.

The situation was much the same under the former minister of transport. In March, 1972, as recorded at page 808 of *Hansard*, he said:

I agree with the claim that a reorganized structure is necessary in order that members and the country generally can obtain more information, and obtain it more easily, about all aspects of transportation. With this objective in mind, I propose to bring before the House in the next session three important pieces of legislation on which work is proceeding at the present time.

Remember, that was said in March, 1972. I continue:

The first of those is a bill designed to reconstitute Air Canada as a separate Crown corporation, thus divorcing it, as it were, from the CNR. I will also introduce a Canadian National Railways revision act and a companion piece of legislation covering amendments to the Railway Act. Hon. members will know how involved and far reaching these changes are; they have been asking for them for the last two or three years.

Following the commitment given by the former minister of transport, the present minister has been making announcements and promises. Unfortunately, there has not been action. The minister knows how desirable it is to move passengers quickly and efficiently between major