

just the larger, more lucrative ones. The Government cannot take full credit for introducing terminal running rights. These rights were originally proposed to the Government by CP Rail. We recognized the value of the idea and we adopted it. The consultative process does bear fruit.

● (1710)

I would like to give Hon. Members a concrete example of how terminal running rights will benefit the West. There is a large petrochemical complex in the Fort Saskatchewan-Scottford area near Edmonton. Most of that petrochemical complex is now captive to CN Rail. Under the new legislation, CP Rail would be permitted to run its trains on CN's tracks to get to and from the petrochemical complex. Thus, in addition to shipping via CN, the complex will have a viable alternative to ship its products by CP Rail. There will be competition where competition did not previously exist. Competition is good for Canada.

For those shippers who cannot benefit from the new inter-switching limits or from terminal running rights, our new National Transportation Act provides for a concept called competitive line rates. That means that captive shippers will have access to another rail carrier at the closest interchange with that carrier. This will bring the benefits of competition to the shipper by enabling him to use the carrier that offers the best combination of service, routes, and rates, whether it is the local carrier or a competing carrier.

However, to avoid domestic traffic moving over United States' railways where the destination of the goods is within Canada, including traffic to a Canadian port for export, and a competitive Canadian alternative route exists, the shipper must use the Canadian alternative in order to be eligible for joint line rates.

Where the shipper and the carrier cannot reach an agreement, the shipper has recourse to the new National Transportation Agency. We do not expect this safeguard to be used often. Nonetheless it will be important as a means of providing shippers with real clout in negotiating rates.

We expect that the new policy will take relatively little business away from the local carrier. In most cases, the local carrier will offer the best deal, especially since switching costs money. But for the first time, the carrier operating locally will have to compete for the shippers' business. Is that bad in an increasingly competitive world economy?

Competitive line rates will be of particular benefit to large resource shippers in the West. Under the new provisions, a major Alberta sulphur producer now captive to CN Rail would have the opportunity of switching to CP Rail at the nearest interchange about 80 kilometres away. Competitive line rates would apply on that 80 kilometre stretch.

Briefly, this is how the matter would work in practice. The sulphur producer would ask CN Rail to quote a price for moving a shipment from his plant to the docks in Vancouver. Knowing approximately what the competitive line rate would

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be under the legislation for the movement from the plant to the interchange, he would ask CP Rail to quote a price for moving the shipment from the interchange to the docks. If CN was prepared to match or better the CP rate, plus the rate from the plant to the interchange, CN would retain the business, which is right. If CN were not prepared to quote a competitive rate, it could lose the portion of the movement from the interchange to the Vancouver docks. If CN and the sulphur producer could not reach an agreement on the rate from the plant to the interchange, the producer could ask the National Transportation Agency to set a rate based on a costing formula contained in the legislation.

Competitive line rates have been endorsed by such organizations as the Coal Association of Canada, the Council of Forest Industries—

Mr. Benjamin: Naturally.

Mr. Kilgour: —the Canadian Fertilizer Institute, the Canadian Pulp and Paper Association, the Propane Gas Association, the Canadian Chemical Producers Association, the Retail Council of Canada, and many others. Thousands and thousands of jobs are involved in those industries. These companies generate billions of dollars in sales, and thousands of jobs for Canadians.

The extended inter-switching limits, terminal running rates, and competitive line rates will markedly increase the transportation options available to captive shippers. More shippers will have a choice of carriers. They will have an opportunity to negotiate for the services of these carriers. We are confident that shippers and carriers will sit down and reason together in a businesslike manner to establish mutually beneficial arrangements.

I have referred to large resource producers in the examples, but other shippers will benefit from these provisions. The major resource industries are the backbone of the western economy. When those companies are thriving, the region I represent thrives. In addition to employment opportunities within the resource companies, jobs will be created in hundreds of smaller service companies. Western Canada's small business base will be strengthened and expanded. Quite simply, this legislation will help put more people back to work in western Canada.

I have mentioned that shippers will be able to apply to the new agency for resolution of several important matters. I wish to outline several provisions in the new National Transportation Act that will ensure timely and inexpensive settlement of various private and public disputes. At the request of parties involved in private disputes, mediation services will be provided by the National Transportation Agency. If these fail, final offer arbitration will be available. In such cases, an independent arbitrator appointed by the agency will consider both the carrier's and the shipper's final offers, and will choose one of them, unless the parties have first made alternative arrangements. That offer chosen by the arbitrator becomes the "deal" between the shipper and the carrier for up to one year.