

St. Lawrence Seaway Tolls

would be the subject of negotiation with the United States government, and that no action on seaway tolls would be taken prior to an announcement in this house.

Discussions with the United States have now taken place, and I am glad to announce that agreement has been reached on the toll arrangements which will apply to the Montreal-lake Ontario section of the seaway for the next four navigation seasons. Both seaway entities proposed that the level of tolls be increased by 10 per cent and that toll revenues be divided in the ratio 72 per cent for Canada and 28 per cent for the United States in place of the previous 71/29 ratio. The United States government has not been willing to accept the proposed increase in tolls at this time, but in recognition of the relatively greater operating deficiency incurred by Canada has agreed to an improved division of tolls revenue in the ratio 73/27 in Canada's favour for the next four seasons.

In all the circumstances and in the interests of preserving the joint arrangements we have entered into with the United States for the operation of the seaway, which are of considerable practical advantage to Canada and to all seaway users, the Canadian government has accepted the foregoing which means that the present level of tolls on the Montreal-St. Lawrence section of the seaway will continue through 1970.

It will be recalled that the report of the St. Lawrence seaway authority recommends the adoption by Canada of a per lockage fee for the Welland canal, to be phased in over a period of five years, and that the suspension of the present tolls on the Welland should remain in effect during this period. In the view of the government, such a fee is justified as a contribution toward the recovery of operation and maintenance costs on the Welland canal, which in 1966 amounted to \$9 million. It has therefore decided to implement this proposal.

The lockage fees which will rise progressively from \$20 per lock for the current navigation season to \$100 in the 1971 navigation season will make a significant contribution, although they will not cover these costs which are at present borne entirely by the Canadian taxpayer. The impact of these fees on transportation costs will be negligible and will not affect in any significant way either traffic growth on the Welland or the cost to Canadians of the goods moved via the seaway.

Canada has done much in the past several years to improve our services to the shipping

industry at the Welland canal. A considerable investment, over \$50 million, has been made for new facilities. New techniques of traffic control have been introduced to assist ship movements in the canal. More modern systems and procedures have been adopted to further improve service. As a result the average time required for a ship to transit the canal has been significantly lowered with consequent savings of a very considerable magnitude to the users of the canal. Such savings should do much to offset the contribution which these users are now being asked to make to the annual costs of operating and maintaining the Welland.

In addition to the substantial expenditures involved in our present modernization program which I have referred to, there is a \$100 million project now under way which will permit the canal to by-pass the city of Welland. The new alignment which will replace a narrow twisting section of the canal with a straight stretch of some 8½ miles will greatly improve navigation and speed up transit times through that section of the waterway. There is, moreover, the real possibility that very large expenditures may have to be embarked upon within the next decade to increase the capacity of the Welland so that the canal will be able to handle the growth in traffic anticipated over the next few years.

Finally, I should point out that the Welland canal, although entirely within Canada and built and operated by Canadians, is open to all ships of the world. To continue to ask the Canadian taxpayer to be the sole provider, in circumstances where more than 50 per cent of the cargo moving through the Welland is of non-Canadian origin, is difficult to justify. Those who profit most directly, the users, will now quite rightly be asked to bear a share of the financial burden involved in providing the services which they benefit from.

I might add that two important modifications have been made in the per lockage fee which are designed to mitigate the impact of the per lockage fee on certain classes of ships using the Welland canal facilities. These modifications will permit a 50 per cent reduction in the total lockage fee for ships making only a partial transit of the canal, and will also permit a 50 per cent reduction in the total fee for ships in ballast.

As a result of these changes in the original proposal the per lockage fee will be substantially less than it would otherwise have been for ships in these two categories.

[Mr. Pickersgill.]