

Railway Act

[English]

Motion (Mr. McKenzie) agreed to.

Hon. A. C. Abbott (for the Minister of Transport) moved that the bill be concurred in.

Motion agreed to.

The Acting Speaker (Mr. Ethier): When shall the bill be read the third time? By leave, now?

Some hon. Members: By leave, now.

Hon. A. C. Abbott (for the Minister of Transport) moved that the bill be read the third time and do pass.

Mr. Jack Murta (Lisgar): Mr. Speaker, at the outset of my remarks I should like to join other members of the House in congratulating the hon. member for Winnipeg South Centre (Mr. McKenzie) on the acceptance of his important amendment this evening. His first motion was not accepted, although he took the occasion to express the main thrust of his argument particularly as it related to the financial needs of those concerned. My hon. friend has worked very hard and single mindedly for pensioners in Canada and he certainly deserves the credit he has been given.

This is not the first occasion on which the CNR has been before parliament in connection with the reorganization of its capital structure or for the purpose of debt revision. Admittedly, this legislation is quite complicated, and it spent approximately one month at the committee stage. Witnesses brought excellent testimony to the committee. The evidence we received reveals some very deep concerns among some sectors of the transportation industry, especially the trucking industry, in spite of the verbal assurances of the minister and of the president of the CNR that this bill will in no way give the CNR leverage to abuse its powers in terms of affecting the balance of competition. This is one of the main concerns of the Canadian Trucking Association.

● (2122)

We on this side of the House have a great deal of sympathy for the trucking industry in connection with this legislation. The industry made a series of recommendations, which I will not bother reading into the record tonight because of the shortness of time. In any event, the concerns of the industry were expressed eloquently, and those concerns seemed to run through the general course of our committee study of this bill.

The committee meetings brought out the fact that there are still many unknowns about the impact of this legislation. We on this side of the House are concerned about government involvement and participation in the transportation sector. It is important that there be equal treatment for all modes of transportation. That question was never dealt with to our satisfaction during the committee proceedings. In our view this bill could distort the competitive balance which exists in the transportation industry. A paramount rule to which we should adhere is that participation must be on the basis of equality for

[Mr. Lapointe.]

all modes of transportation. We see in this legislation a possible violation of that basic, fundamental policy.

To date the hearings have failed to convince members of the Conservative party of the need for this bill in terms of the public interest. It seems to us that this bill is an exercise in financial manipulation. In our attempts to tighten up control and accountability from a parliamentary point of view we have basically failed. There was an amendment, however, which was accepted and which would have the effect of ensuring that annual reports of the CNR would be automatically referred to the Standing Committee on Transport and Communications.

It seems to us that it would have been advisable to wait for the legislative package with respect to Crown corporations which will, presumably, be introduced, before proceeding with a bill of this magnitude which would have the impact of restructuring the capital arrangements of one of our biggest Crown corporations.

The bill sets out to do a number of things. First, it would eliminate the necessity of the government to purchase the 4 per cent preferred shares which amount to roughly \$80 million based upon 3 per cent of the gross revenue of the national system. Second, it would eliminate the necessity of the federal treasury having to meet the deficits which arise from time to time. The third point is that the bill would bring about a reduction in the debt, which is now in the neighbourhood of 62 per cent in terms of the company itself. The passage of this bill would adjust that debt somewhere near the level of 42 per cent, which would be precisely the same level as that of Canadian Pacific. The conversion of the \$808 million of debt into equity would then place the CNR on a par with the average of the industry. On the other hand, \$808 million worth of public money is being written off.

Of the profits after deductions, 20 per cent will go to the treasury, and we are told that over the next five years the government or the federal treasury will be roughly \$135 million better off than it is at the present time.

We have also been told that this bill will improve management morale. That is questionable, especially when one views the CNR in relation to VIA Rail, which is just in the process of getting started. Hon. members are beginning to hear about employee concern regarding the transition which is taking place from the passenger services of Canadian National to the VIA Rail corporation.

Many issues have been raised during the rather lengthy debate on Bill C-17. My colleague, the hon. member for Winnipeg South Centre, has raised an issue regarding pensions. He is deeply concerned about that, but that is only one issue.

In order to follow some of the history of the recapitalization of this corporation one has to go back and look at the financial system of the CNR which was outlined before the recapitalization in 1952. If we go back and look at that outline we find the main purpose for recapitalization. That outline shows very clearly and categorically the position of the CNR before recapitalization and after recapitalization.