

*Air Canada*

plane and truck wherever quality of service implications and especially the guarantee of rapid delivery, are important to the shipper and the consignee.

● (1220)

The concern of the trucking industry is that the bill does not adequately protect and enhance the economic benefits to be gained from intermodal competition, and that by failing to do so Air Canada might be disposed or persuaded at some time to engage in surface transport such as for-hire trucking on the routes which are presently served by air freight. Certainly, it is air freight that is primarily the corporation's responsibility in the movement of freight. The fact that Air Canada has reorganized its corporate structure to give greater responsibility and autonomy to its freight division highlights the emphasis which Air Canada is placing on freight movement, and also, I might say, serves to highlight the concerns that the truckers have expressed.

The evidence presented in committee by the president of Air Canada indicated that he was optimistic about the future of air freight. He emphasized the buoyancy of the air freight division, and for that reason a separate and identifiable branch of the corporation is being established. The truckers believe that genuine air freight will come under increasing direct truck competition, and that because of the cost and service implications on some routes Air Canada may find itself under great pressure to try to do the same thing as the for-hire trucking industry so as to retain what they consider to be their fair share of freight volume and to protect their hold on that element of their business.

The assurances which the president of Air Canada has given, to the effect that genuine air freight will go to the truckers, are not well founded. They believe—and I tend to concur—that there will be a growing requirement in this country for express freight service on high valued goods. But that does not necessarily mean, given the experiences we have had over the last five years, that this service will be provided primarily by air. As I said earlier, we have clear examples of one trucking firm at least offering expedited service on a regular basis between Toronto and Vancouver and, in terms of time and cost, it is outperforming air freight. So with this kind of competition, and if the airline is determined to exploit the air freight sector, it could very well find itself using trucks on many intercity routes.

In my view, there is nothing in Bill C-17 which effectively prohibits or even limits the ability of Air Canada to engage in for-hire trucking, either in substitution for existing air freight service through trucks owned directly by the corporation or acquiring such entities from existing for-hire trucking companies. I submit that there is no valid reason for Crown corporations functioning in the rail or air mode to engage in for-hire trucking in competition with the primary function of the corporation.

To reiterate, the for-hire trucking industry has proved to be one mode where private enterprise has been successful in providing an adequate service and effective competition in

[Mr. Mazankowski.]

practically all parts of the country. The trucking industry has done an excellent job in providing service to all parts of the country, despite some formidable obstacles, despite some difficulties in terms of variations of rules and regulations applied from province to province, despite climatic conditions and the realities of our geography.

The Minister of Transport (Mr. Lang) has stated that limitations and safeguards exist in clause 6(1)(b) and clause 6(4). Regardless of the present intent of the minister and his officials, or indeed the assurances of Air Canada management, the so-called safeguards contained in the act are vague and, I suggest, meaningless if one looks at the CNR experience. I want to deal with that for a moment, because I think it is totally relevant to the issue which we are now discussing. Since 1952, CNR has acquired or set up trucking subsidiaries which make it one of the largest for-hire truck undertakings in the country. Section 27 of the CNR act restricts CNR's ability to engage in motor vehicle operation to the extent that such investments have to be operated in conjunction with or in substitution for rail services. But if we look at the operations of the CNR trucking industry today, we find that CNR's network of for-hire trucking operation parallels their mainline trans-continental rail operations. So the spirit and thrust of the act do not really apply. In my view, that was obviously not the intent and spirit of section 27, so it has been circumvented—there can be no question about that—and I share the truckers' concern that the safeguards in the bill are no more substantial than those contained in the CNR act.

Section 31 of the CNR act states that CN may acquire any company or any business incidental to the working of a railway, or any business that, in the opinion of the board of directors, may be carried on in the interest of CNR, with the approval of the governor in council. There is enough latitude there for the CNR to engage in the trucking subsidiary, as it has done. When the for-hire trucking industry challenged CN's authority, they were rebuffed by the court. The Quebec court of appeal found, among other things, that governor in council approval of these expenditures, plus the CNR finance and security act, superseded any legislative limitation contemplated in section 27 of the CNR act. Furthermore, the fact that governor in council approval was given rendered provincial public hearings useless. If the governor in council considered it to be in the public interest to approve such an acquisition, the provincial boards simply followed suit and the hearing process became useless and provided no element of protection.

It is assumed that governor in council approval is always within the public interest and, therefore, the provincial regulatory bodies would assume the acquisition as a *fait accompli*. As I said before, regardless of the intent of the Minister of Transport and the president of Air Canada that such an experience would not occur again, these promises, I submit, are of a short-term nature. If that assurance is to be provided and if the minister is sincere—and I believe he is—I see no reason why that protection should not be enshrined in the legislation. We have a habit of moving ministers around, and