

*National Transportation Act, 1986*

shippers. The current system works against the needs of both shippers and railways. The shippers do not get the best service at the best price. Some rail traffic is being diverted from Canada to U.S. railways where deregulation in 1980 resulted in a significantly more competitive rail market. Put simply, it is high time we reformed the regulatory regime for rail.

I would now like to say a few words about the *Report of the Commission of Inquiry into the Hinton Train Collision*. The report tabled on January 22 made a number of safety-oriented recommendations. As Hon. Members know, our Minister of Transport (Mr. Crosbie) asked CN, CP and VIA to undertake a number of measures. These include the immediate establishment of a policy giving priority to use of units equipped with a reset safety control device as lead locomotives, determining an action plan within 60 days on key recommendations such as hours of work and periods of rest, work scheduling and medical supervision, as well as asking the railways to establish a schedule for implementation of the advanced train control system.

Under this Bill for the first time shippers will be allowed to negotiate confidential contracts with Canadian railways. The key words are "negotiate" and "confidential". Under this legislation a shipper and a carrier will be permitted to negotiate a contract with services and conditions that reflect the shipper's specific circumstances, and with rates tailored to the competitive position of the shipper and the railway. That contract will be negotiated privately, and there will be no obligation to disclose all the terms publicly. In that sense, it is like almost all ordinary commercial contracts. To distinguish it from past practice in the railroad sector, it is called a "confidential contract".

These contracts are the ordinary way of doing business elsewhere. They are long overdue in our transportation sector. For the first time carriers will be able to offer individual shippers special rates or services without making these known to other shippers. That is a major boost to competitive bargaining. To avoid possible abuse, all confidential contracts will be filed with the new national transportation agency. Summaries of the non-confidential aspects of the contracts will be made public, as they should be.

At the same time, we are not forgetting shippers who benefit from existing freight rate provisions. Railways will continue to publish tariffs under the National Transportation Act for shippers who wish to use them.

Our legislation also retains the requirement that all rates charged by railways must be compensatory. That is to say, they must cover the costs directly associated with the services provided. However, there is an important qualifier. Non-compensatory rates may be offered. Where anyone lodges a complaint, however, such rates will be disallowed unless the railway, upon investigation by the new agency, can establish that the rates do not lessen competition and were not put in place for an anti-competitive or predatory purpose.

All parties involved stand to win under these new freight tariff rules. Shippers will negotiate for rates and conditions that reflect particular circumstances. Getting the best service at the best price will help myriad shippers to expand markets, increase production and thereby protect and create new jobs.

Canada's railways will be able to compete more effectively with their American counterparts for transborder traffic. Above all, the Canadian public as a whole will benefit from the job creation arising from a more competitive rail transportation system.

This Bill also takes the historic step of significantly altering the transportation environment for captive shippers, who have long been the forgotten players in our national rail system. Indeed, as a former Crown attorney, they remind me of victims who are all but ignored in our criminal justice system. Captive shippers are those without access to a practical, cost-effective alternative to a single railway carrier. There are captive shippers across Canada, in major urban centres as well as in outlying regions. As an Albertan, I am very well aware that many, if not most, of these shippers are in western Canada. It is no wonder that our reforms here are so strongly supported in my region.

Did you know, Mr. Speaker, that more than half of the railways' revenues come from captive shippers? Among the shippers the most often and most seriously affected are western Canada's major resource industries, including potash, sulphur, coal, petrochemical and forest product operations.

Our reforms to the National Transportation Act address this problem in three ways: through increased inter-switching; through terminal running rights; and through competitive line rates.

At present, the inter-switching of cars from one railway to another at a compensatory rate is guaranteed only within a four-mile radius of the point of interchange. The limitation was established in 1908 to provide for competition between railways within city limits, using London, Ontario, as the Hon. Member for London East (Mr. Jepson), who is in the House, will know, as the model. Despite the phenomenal growth of our cities since that time, inter-switching limits have never been changed to reflect the new realities.

With the reformed National Transportation Act, we are extending inter-switching limits to 30 kilometres. This will benefit virtually every shipper located on a rail siding in an urban area served by two railways. We estimate that there are thousands of such shippers across Canada. To maintain fair competition inter-switching rates will be compensatory.

The second provision in the Bill is with respect to the adoption of terminal running rights. Within 50 kilometres of any interchange point a railway will now have the right to run trains over the tracks of another railway in order to pick up or deliver goods. The second railway will be compensated for the use of its tracks. A minimum three-year commitment to operate this service will be required. To ensure equity the new service must be made available to all shippers on the line, not