

port which are considered to be very much overvalued; third, the matter of cargo rates on all tonnage passing through the port and what can be done to reduce them, and, fourth, whether or not a local advisory board could be appointed in line with the recommendations of Sir Alexander Gibb, who made a series of recommendations in 1932. To these four questions I should like to add a fifth: What is being done about the establishment of a free port on the Pacific coast? When the matter was brought up last session the minister replied that with regard to the reduction of interest, it was under consideration. Since that date I understand that one-fifth of the bonded indebtedness has been refunded at a rate of interest of $3\frac{1}{2}$ per cent instead of five per cent, but that \$22,687,000 worth of debentures are still out, bearing an interest rate of five per cent.

With regard to the question of overvaluation of assets, it is the considered opinion of many people in Vancouver conversant with these matters that the valuation of \$25 million should rather be some \$16 million, and that the combination of a reduction of the debt now borne by the port by a proper valuation of the assets and the refunding at a lower rate of interest would save the port a large sum of money every year. The amount estimated is \$750,000. I also find that in the past ten years, despite the traffic going through the port, because of its overvaluation and the high rate of interest, the port has lost a sum in excess of \$3 million.

With regard to the question of cargo rates, last December the minister again stated that it was under consideration, but nothing has been done since that time. His answer with respect to the local advisory board was to the same effect, namely, that the matter was under consideration but that the policy had not then been decided. It appears that consideration has been given to the problem of free ports by a federal committee headed by the vice-chairman of the national harbours board. I should like the minister to give the committee a statement on the whole question of Vancouver harbour. I wish also to compliment him on having carried out one of the requests made by the hon. member for Vancouver South last December, namely, to come out to Vancouver and see for himself. He did that last January. We were all pleased to see him, and I am quite sure that he got some useful personal knowledge of this matter from his visit. However, I wish to say to him that when he answers me I hope he will not say that any of these matters are still under consideration, because, after the

[Mr. Merritt.]

minister's statement last December, and after his visit, there has grown up in Vancouver great impatience on these matters which have been before the government for a long time and which should now be resolved. It is felt out there—and I certainly agree with that feeling—that none of these matters is such that it should require an investigation longer than six months if, indeed, they need that length of time. If he cannot tell me now that all the things desired by the people conversant with the situation in the port are in his power to grant immediately, I hope he will be able to indicate that a decision will be come to soon.

Hon. LIONEL CHEVRIER (Minister of Transport): The hon. member for Vancouver-Burrard has raised five questions. I think I can deal with the five because I dealt with them when I was privileged to visit Vancouver where, I may tell him, I was so well received that I propose going back again.

The five questions to which he has directed my attention I shall deal with in reverse. I shall take the last one first, the question of free ports. This question is not a new one; it has been debated in this house before. Legislation seeking establishment of free ports came before the senate in 1936 or 1937, if my memory serves me correctly, and received the approval of that body. Later it came to this house and was turned down. The then minister of national revenue gave four reasons why free ports should not then be established in this country. I do not want to go into all of them, but perhaps I can say generally that one of them was that conditions in this country and in the United States were not at all related to those in Europe where there were some twenty-six or thirty countries from which imports and exports could be derived.

Another reason was that this country had already bonded warehouses and drawbacks under the Customs Act which gave practically the same privileges as a free port would give. The third reason was that it would mean an additional amount of work for customs officers which would interfere greatly with their duties. The last reason which the then minister of national revenue gave was the fact that the passing of legislation facilitating the establishment of these ports would enable facilities to compete with those of the federal government. In other words, the federal government had spent tremendous sums of money in the national ports of Canada, and if it were possible for others to come along and spend similar sums on similar facilities such as docks, warehouses and wharves, these would compete with the federal facilities already erected