

of these bodies will be transferred to the new commission, with protection of their present terms of appointment. I believe that the authorized membership of these three bodies is about 13 officers, while the new commission will be composed of 17 commissioners.

The new commission is to have a president and two vice-presidents. It will be divided for working purposes into five committees—one each for rail, water, air, commodity pipe line, and motor vehicles—thus ensuring both expertise with respect to the individual modes of transport and efficient operation of licensing and regulatory procedures. The commission will have responsibility in two general areas, and I am summarizing here its powers and duties.

First, it will be responsible for the licensing and economic regulation, where appropriate, of all modes of transport under federal jurisdiction. Its second function will be to conduct investigations and to make recommendations to the federal Government on development and administration policy in all transportation fields. In this connection, the commission is given responsibility, in the legislation, for developing major research activities in support of these objectives.

I must say that a good deal of misgiving was expressed in committee in the other place about the possibility of conflict between what might be called the research, planning and development functions of the commission and its regulatory functions. The reason for appointing two vice-presidents is precisely to minimize such possibilities. One vice-president will deal with the research side, while it is intended to appoint as second vice-president a barrister, who will deal with the planning of operations.

This is the general structure of the new commission, and, as I said before, the existing appointments will just continue and all the rights which the present members of the various boards now have are safeguarded in the bill.

Normally, when hearings in one of the five committees is dealing purely with aviation matters, for example, the committee will be formed of those commissioners who are particularly competent in that field, and the same will apply to other matters such as railways and so forth.

Honourable senators, I might sum up here in a few words certain provisions of the bill dealing with the rates. The commission will not in fact set rates except under conditions

where a particular mode of transport has a monopoly of common carrier transportation. Under such conditions, the commission may disallow existing rates or may require the carriers to substitute satisfactory rates or it may itself fix rates.

These rules apply only to commodity pipe lines, to motor vehicle transports and railways. So far as aviation and water transportation are concerned, the existing rules contained in the Aeronautics Act and the Transport Act are not changed.

The other general rule on rates which the commission will apply will be the rule that no rates may be below a compensatory level. In other words, a rate must cover the variable costs of the movement. What are variable costs? I think they can be defined as the directly traceable costs of the movement. They do not, of course, include any of the fixed or overhead costs of the carrier.

Hon. Mr. Pearson: May I ask what clause that refers to?

Hon. Mr. Deschatelets: I think I will give that information to honourable senators in a minute, because here I am summarizing at times many clauses of the bill in order to give at least a general view of what is contained in the bill. It will also be noted that all activities of the commission will have to be financed out of appropriations voted by Parliament.

My comments on Part I, honourable senators, would not be complete without saying a word about the general appeal and review provisions of the bill.

An appeal may be made to the commission on acts or omissions of a carrier or the effect of the making of rates under the new rules contained in the act. An appeal may be made also to the Minister of Transport on applications for licences to engage in transport by air, motor vehicle, by water or commodity pipe line. The right of the appeal to the Governor in Council that exists in the Railway Act is preserved under the new legislation and is extended to all modes of transport. But, in order to bring more flexibility to these matters of appeal, there are provisions covering the right to review a decision of a committee respecting one mode of transport which is objected to by another mode of transport.

Having said that, honourable senators, may I now proceed with Part II of the bill, which covers clauses 22 to 28 inclusive.