

Adjournment Debate

Some time ago, the corporation's management informed us that losses incurred on the Athabasca run were too high. We received this information quite some time before the thorough study made by the Government with respect to privatization of this corporation.

In any case, as the Hon. Member is aware, allocation of expenditures to the components of a corporation is not an arbitrary exercise. On the contrary, it is governed by the principles of accounting practice. We are convinced that Northern Transportation Company Limited was acting in accordance with generally recognized accounting principles when it determined the cost of the Athabasca run.

The Hon. Member has argued that facilities no longer required for the Athabasca run should be sold. As far as tugs and barges are concerned, I can assure the House that this equipment will be used in a manner that is appropriate. Northern Transportation Company Limited is negotiating a contract under which a number of tugs and barges will be leased to other businesses providing a service on the Athabasca. The rest of the equipment will be transferred away from the Athabasca system, and no surplus equipment will be kept.

Sale of the tugs and barges has become rather complex owing to the privatization of this corporation. We believe it would be preferable to leave such decisions up to the corporation's new owner.

As for the land owned by Northern Transportation Company Limited at Fort McMurray, it will be sold in the same manner as the corporation's other assets. At the present time, the Government, as shareholder, wishes to sell Northern Transportation Company Limited intact, rather than selling each of its components separately. However, perhaps the Government might consider the sale, at market value, of several assets not required by Northern Transportation Company Limited for its operations, depending on the effect that would have on privatization of the corporation as a whole.

In this connection, the town of Fort McMurray would be free to make an offer to Northern Transportation Company Limited for the land located within the town limits, and such an offer would certainly be taken into consideration, at the same time as offers to purchase the entire corporation.

[English]

CANADIAN NATIONAL RAILWAYS—REQUEST THAT SUBSIDIARY OPERATIONS BE PRIVATIZED. (B) GOVERNMENT POLICY

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, last April 17 I raised with the Minister of Transport (Mr. Axworthy) the question of certain subsidiary operations by Canadian National Railways in competition with the private market. Those operations are CN trucking operations that are in competition with private trucking operations across the country, the hotel and restaurant operations that are in competition with small businessmen across Canada who are hotel and motel owners. In those kinds of operations a small private

businessman makes a profit and pays taxes; that is not the case with the conglomerate run by the CNR. Frankly, the hotel operations by the government through the railway has been a disaster for well over a decade and a half.

● (1810)

The railways originally got into the hotel business to actively promote passenger transportation by rail. We know that for some time now the whole matter of transportation of passengers by rail has been delegated to VIA Rail, and that the railways are no longer involved. It would seem that the railways would try to get out of the hotel operation and let private hotel, motel and restaurant operators run this business. Surely there is no public necessity for the Government of Canada in terms of transportation and maintenance to in fact own hotels.

However, on reading the annual report of this Crown corporation it seems that it wants to expand its hotel operation. For example, it is building a 600-room hotel in Toronto, next to its tower. We know that the tower only cost approximately \$60 million, plus the cost of the land it is on. It has not made a nickel since it was built; it is a loser. Now a hotel is to be built next door to the tower. Toronto has lots of hotels, and private entrepreneurs who build good hotels. It is ridiculous that the Government of Canada under the auspices of this railway should build a hotel.

It will also spend the taxpayers' dollars to refurbish the MacDonald Hotel in Edmonton. This might be acceptable if it were making a profit. However, in respect of the hotels owned by the railway in this country there is \$124.5 million on a depreciated basis. That means, taking capital cost allowances into account, this year this operation lost \$2.7 million. It lost also money last year and the year before. While it made a very slight profit the year before that, every year prior to that it lost money.

In this situation more and more money is being poured into hotel operations every year than is allowed in capital cost allowances or depreciation. The Government of Canada, through the railway, gets more deeply involved in an activity from which it has proven it cannot make money. It should not be involved.

I ask the Minister why he simply does not turn the hotels and restaurants over to people who know how to run them? The Government should sell them and get out of the business. I am suggesting that it should not only get out of the hotel business but the trucking business as well.

Let me name some of the companies involved in the railways' trucking business. One is CNM Incorporated. I am not sure if these are trucking companies but they include Domestic Four Leasing, Domestic Three Leasing and Domestic Two Leasing. There is the Royal Transportation Company, Transport Husband (Quebec) Incorporated and Transport Route Canada Incorporated. There is Empire Freightways, and the list goes on. This is not a complete list. It loses money in trucking. There is some \$30.4 million involved in trucking. The loss last year was \$8 million. The whole investment is doubled