

Supply—Transport

the attitude and the feelings of the people who live in that community. This is only one of many up-coast communities that are served or not served by passenger steamer service. The answer given by Northland Navigation is that when they took over these contracts from another company the subsidies were paid to provide service to particular points and those points of call are mentioned in the contract. They say it is not economically possible for them to add additional points of call for a variety of economic reasons.

One reason is, of course, the fact that over the last number of years the number of passengers who travel on the coastal boats has been declining with the advent of additional and much faster air services. I remember one trip I made on one of the Union Steamship passenger boats from Prince Rupert across to the Queen Charlotte islands. It was about four years ago and I went aboard the boat about five o'clock in the morning at Prince Rupert. The boat was due to leave at about seven or eight o'clock. I had driven from Terrace to Prince Rupert, which is about a three hour drive, so when I went on board the steamer I got into my berth and went to sleep. I got up at about eleven o'clock or 11.30 and I felt like I owned the ship. It was a huge passenger boat with berth accommodation for 150 to 200 passengers and in walking around I did not meet another passenger on the ship. The game warden and I turned up for lunch and we were the only two passengers on that ship running from Prince Rupert to the Queen Charlotte islands, a distance of approximately 100 miles.

This is an indication of the effect that air transportation has had upon the number of passengers travelling on these steamers. When the hon. member for Comox-Alberni dealt with this question the other evening he indicated that there was a problem but he did not know what the solution was. Having concerned ourselves with this matter for some time we have made suggestions to the government about what should be done to develop a better type of shipping service on the west coast. In general terms perhaps I might be permitted to place before the minister again our suggestion as to what should be done.

I would think that the present system of paying subventions to one company or another to provide a more or less haphazard and skimpy service is not good enough. Over the years it has been shown that any attempt to adjust this system has not fared too well. I suggest that a separate crown agency, whether it be Canadian National Steamships or another crown agency established under the Department of Transport for this purpose,

undertake to operate an extensive shipping service on the west coast. At the same time I suggest that an air line organization should be connected with it so that the profits that could be made from one phase of the operation might be used to offset the deficit that would undoubtedly develop in the other phase of the operation.

I think we all realize that if it were not for the \$294,500 subsidy now paid to Northland Navigation Company that company would not be able to operate that type of service and the service provided would be much less than is the case now. I do not have access, of course, to the confidential figures of these companies, although they are in the files of the Canadian maritime commission, but I am sure that Northland Navigation Company at present, and Union Steamships before, have operated the passenger part of their service on the west coast at a loss. It is the freight end of the service that makes a profit.

It is also a fact that the majority of passengers who travel by steamer on the west coast do so in the summer months from May to September. I believe there was some reference to that by the royal commission on coastal trade indicating that more than half of the passengers using this service on the west coast travel in the three or four summer months. Perhaps there would be a profit on this phase of the operations if the figures were computed for the summer months only but there would be a huge deficit in the winter months when passenger travel declines.

The same thing is true of freight. Freight shipments will increase or decrease depending on the operations of the logging industry in particular. If there is a curtailment of logging operations in the summer because of fires the whole logging industry will close down because, as has occurred in the past, the forests are closed for six to seven weeks. This means a curtailment of freight movements to the logging camps. If there is a decline in the lumber industry, as is developing at the moment, this also affects freight and passenger service. Even though a private concern is operating with a subsidy, it will find it convenient to curtail as much as possible the service it is required to provide in order that the company will not go completely bankrupt. There is a ceiling of \$294,500 on the subvention which that particular company will get. This is geared, I understand, to indicate that the company can operate at a 10 per cent profit before taxes or 5 per cent after. If they do make more money, there is a recapture clause.