

*CNR and Air Canada*

and competitive means of transportation, the others would require changes in legislation. The 30,000 pound weight base was the subject of lengthy debate in parliament. I think it is fair to say there was a wide difference of opinion in all parts of the House as to this particular matter. Limiting increases to variable costs only would in time lead to distortion as new rate patterns were established. Suspension of an increase where evidence of discrimination appears to exist is a reasonable request. As far as costs are concerned, publication of average costs might go some way toward allaying some concerns, and I am presently raising this possibility with the Canadian Transport Commission and with other persons who would be concerned in answering this particular question.

There are, of course, a number of cases proceeding under Section 23 of the National Transportation Act, and it would be premature to think of changing the act until these cases have run their course and their impact has been assessed. Section 23 permits appeals in cases where it is claimed that actions of the carriers are detrimental to the public interest. This has not been decided up until the present time. A number of applications under Section 23 are now being decided. I am sure the findings will be historic and, indeed, may form a very strong base for future action.

Most of the points made in the section of the Premiers' report dealing with highway regulation relate to items under the control of the provinces themselves. The comments generally refer to the need for uniformity of regulations within the Atlantic provinces and wherever possible between other provincial and state authorities.

Proclamation of Part III of the National Transportation Act is in the spirit of what is said in this section. I have had three separate meetings with the provinces regarding an appropriate federal role in this field and, without labouring the subject, I can say that we are prepared to act as soon as the provinces reach a consensus amongst themselves as to how we can best co-operate with them in this complex regulatory field.

• (1540)

In terms of subsidies and public policy, the call of the premiers was for updating of the Maritime Freight Rates Act so as to effectively assist the economic development of the region and to give assistance beyond the unilateral subsidization of rail traffic. The provinces emphasized that they would be prepared to accept modification in the blanket subsidization of intraregional traffic provided that a federal-provincial agency, located in the region, was empowered to administer transportation assistance from federal funds on a more selective basis. This agency, it was proposed, would have funds at its disposal for the existing MFRA westbound rail, \$5 million for extending westbound subsidy to other modes, and an amount to be negotiated for other forms of more selective assistance.

In response, the Atlantic Region Freight Assistance Act of 1969 did introduce more flexibility, and in 1969 the outbound subsidy was extended to trucking. The Federal-Provincial Committee on Atlantic Region Transportation was set up to advise on subsidy policy, not as an agency to administer funds as had been contemplated. The reason for this decision was that both the provinces and our-

[Mr. Jamieson.]

selfs questioned whether the provinces acting unilaterally would be able to agree on an equitable distribution of funds. Also, it is important to note that the \$5 million requested to subsidize other modes is only about one third as much as will be paid out this year to subsidize trucking within the region.

The section of the report dealing with the role of carrier and shipper discusses the avenues open to carriers and shippers in the use of new technology and by joint efforts in pursuing expanding markets. Recommendations here concern reductions in intra-maritime rates referred to in a November, 1967 announcement, deferment of the elimination of less-than-carload freight rates in the Atlantic provinces and ask that the density rule of one cubic foot equalling ten pounds be changed. The deferment of plans for elimination of less-than-carload rates in the region was subsequently agreed to by the railways. The density rule applies across Canada and does not appear to raise problems elsewhere.

The recommendations relating to rail refer to implementation of rail realignments where these are shown to be worthwhile, and the need for research into passenger traffic by road, rail and air. The recommendations are not specific, but the transport development agency of the Ministry of Transport, as well as other groups, are continuing very detailed studies of these and related questions.

Recent actions taken by some hon. members with regard to the matter of the discontinuance of passenger service in Newfoundland, actions which may require me as Minister of Transport and as a member of the government to become involved in possible judicial proceedings, make it improper for me to comment on the issue at this time. I can, however, make some general remarks on the matter of rail service in Newfoundland. It is the government's intention to see that the rail line across Newfoundland, coupled with the ferry services between North Sydney and Port aux Basques, remains the main transportation link for goods moving into and, I hope, in ever increasing volume, out of the province.

I do not agree that a standard gauge system, costing a very large sum of money, is necessary to achieve this objective. Tens of millions of dollars have been spent already on improving the existing right of way, not to mention the even greater amounts which have gone into terminal facilities at Port aux Basques, North Sydney, the Canso Straits and Argentia, plus the cost of additional ferries, many of which were designed to accommodate themselves to the narrow gauge system. I am not unmindful, either, of the great social disruption which would occur, particularly at Port aux Basques and in southwestern Newfoundland, if a standard gauge track was introduced. The livelihoods of many hundreds of families are at stake, and I intend to see that these are protected.

In my opinion, it would be far better to use the tens of millions of dollars that a standard gauge system would cost in order to help provide still more good roads in Newfoundland and Labrador, a policy which, as the record shows, the government has been carrying out at great cost and with good effect over the past three years and, indeed, before that.