

inces should be. It calls upon the minister, in this case myself:

... to state publicly that the principle underlying any new, modern and flexible transportation policy for the Atlantic region should be to lower the costs of marketing products manufactured in the region by de-emphasizing distance.

I would like to re-emphasize myself that the underlying principle should be to lower the costs of marketing products manufactured in the region by de-emphasizing distance, in other words, the groups to whom I speak in the Atlantic provinces—and by the way, the Atlantic Provinces Transportation Commission is, I am sure you will agree, a thoroughly reputable organization 50 per cent of whose members are appointed by the provinces and 50 per cent by industry, trade, commerce and the like in the area—have come to the conclusion that blanket subsidies, blanket support in whatever form, is not really the solution.

Here, as I undertook to do last week, I would ask your permission, Mr. Speaker, to table the second report of the Federal-Provincial Committee on Atlantic Region Transportation. This report, which I will table when I am through with my remarks upon it, with your permission, indicates two new recommendations. But it might be as well if, before turning it over to the table, I read the first portion:

The first report of the committee was submitted to the Minister of Transport in May, 1970.

As a basis for what has been described as this transportation policy, and the committee was set up to make recommendations to us in this regard, certain recommendations were made and certain things were done. These include the intra-regional subsidy available to both rail and highway transportation, which was put into effect so that trucking would be on the same level as rail transportation. We extended the same kind of help and assistance with regard to trucking on the ferry services to both Newfoundland and Prince Edward Island. In fact, all of the recommendations that were made in the first report of the federal-provincial committee have been acted upon in a positive way. As far as I can determine at the moment, there is none of them not now in effect. Hon. gentlemen opposite are looking at each other in some surprise, but I do not really see anything in that first report that has not been acted upon.

• (1550)

For instance, beginning on October 1, 1970, a 17.5 per cent subsidy on intra-regional truck traffic was implemented, and in early 1971 the intra-regional rail subsidy became 17.5 per cent. Reductions of 25 per cent were introduced for the truck traffic rates on the Newfoundland ferry services, and reductions of somewhat less than this figure have been introduced on the Prince Edward Island service. These were the recommendations. These were acted upon. There were other events of significance which the committee also commented upon, and which related to the over-all policy which the premiers recommended, that is, a highway policy for the Atlantic provinces.

In 1971, we provided \$60 million for highway construction within the Atlantic provinces. This, by the way, was a

### *National Transportation Policy*

continuation of and an extension to other measures provided under the Department of Regional Economic Expansion. So, it can be seen that we have significantly helped the region with regard to road networks, not only in the last two or three years but over the last ten years. The Council of Maritime Premiers announced standards for truck weight regulations, adopted a standard method of truck licensing, and introduced a standard bill of lading for the three Maritime provinces.

I turn now to the recommendations of the committee in this second report which I propose to table, and I will indicate my intentions with regard to them. I quote:

With the two exceptions noted below, the committee is of the opinion that no serious problems have resulted from a reduction in the intra subsidy from 20 per cent to 17.5 per cent. The committee recommends that the next phase in the planned reduction to 15 per cent be allowed to proceed on April 1, 1972.

Some weeks ago, in fact in March, I announced in the House that I did not intend to accept that recommendation, and did not in fact reduce the subsidy by 2.5 per cent. I did this for two reasons. First, Mr. Speaker, I wanted to consult with the commission, and I did so last Thursday, with a view to seeing if two further objectives can be achieved in the Atlantic provinces, and I am now satisfied that they can be achieved.

For instance, it is our intention that this subsidy of 17.5 per cent or 15 per cent, whichever level it may be at any particular moment, will be paid to the shippers rather than to the carriers. In our conversations with the Commission last week I put it to them that we would like to get from them, and would be prepared to implement any proposal they would put forward, which provided us with an effective way of seeing that the shippers are paid this subsidy directly. This is a key point, Mr. Speaker. There are extreme difficulties connected with it. It is hard to figure out just exactly how the payments can be transferred to the shippers. Nevertheless we believe, and the Commission believes, it can be done. I have indicated my willingness to do just that, and we are prepared to do it on the basis of recommendations provided by the Commission.

A second and most important point, which is a reflection of what I believe to be a quite comprehensive policy, is the fact that we are moving toward something which is essential if we are to see sound industrial development in the Atlantic provinces. So far as I am aware the Commission has accepted an invitation which I extended to them, to come up with a plan with regard to selectivity in connection with certain forms of imports of items necessary to the manufacturing process in the Atlantic provinces.

For example, Mr. Speaker, there are a number of industries in the Atlantic provinces which have 75 per cent of the ingredients necessary for their manufacturing processes available in the area, and which have to import possibly 20 per cent or 25 per cent of their ingredients. I have said to the Commission that we would like to get from them, and will act on their recommendation, a scheme whereby a form of selective subsidy especially aimed at industrial development is provided for those raw materials which it is necessary to bring into the region. I have also stated that we are prepared to look at the extension of such a subsidy to water borne transportation,