

through the years by law or by reasons of public interest.

The report of the MacPherson Commission was presented some time in 1961, and it is without doubt the genesis of the bill we have now to consider. However, as honourable senators will find, the delay which elapsed between the presentation of the MacPherson Report and the present bill has permitted the Government, with the experience of these years, to go much further in the provisions of the bill than the MacPherson Commission went.

If I may, I shall now say a few words about the highlights of the MacPherson Report.

In essence, the commission found that the inequities in the freight rate structure were the immediate result of horizontal freight rate increases. It was found that the railways applied the increases to traffic on which there was limited or no competition and omitted the increases where there was competition. Broadly speaking, this means that the increases were applied to the long-haul movement of relatively high-value commodities but were generally not applied to low-value commodities or to short hauls of high-value commodities. It is in the latter area, that is, high-value commodities and short hauls, that the effects of competition have been felt most keenly by the railways, although competition in recent years from trucks, ships, pipe lines and air transport has by no means been confined to short hauls or to high-value commodities. In addition, it was found that competition from air and the private automobile has been particularly effective in reducing the importance of the railway passenger service.

Looking further, the commission found that the rate increases by the railways were made necessary in part by obligations imposed upon the railways by law, custom and public policy. These obligations arose principally from operation of low-traffic density branch lines, operation of passenger trains and handling grain at low statutory rates. These obligations, the commission found, imposed burdens upon the railways which were not offset by related revenues.

If I said that the detailed recommendations made by the MacPherson Commission form the genesis of the bill, I must point out again that some experience gained since the report of the commission in 1960-61 and since the introduction of the first bill in 1964 has led the Government to modify the manner in

which some of the recommendations were made. A good example of this is the somewhat different views reached by the royal commission on the question of branch lines abandonment, compared with the provisions of the present bill on this particular matter.

As far as the previous bill, edition 1964, is concerned, I must point out to honourable senators that it was merely an amendment to the Railways Act, though a substantial one. The real concept of the present bill was evolved between 1964 and 1966. The experience of recent years has convinced the Government that the economic regulation of transportation calls for unification, and not for division by mode of transport; and this of course is one of the highlights of the bill.

For this reason, the bill provides for and sets up a new body, the Canadian Transport Commission, whose duty it will be to implement Bill C-231, or the new national transportation policy.

I believe that the following three basic principles sum up the structure of this new transport policy. First, it envisages competition among transportation modes and companies as the chief regulator of rates and services. Second, it enunciates the principle that, where transportation facilities are provided at public expense, the user shall bear a fair proportion of the costs. Third, where burdens are imposed on transportation companies by law, the burdens should be borne by the public as a whole.

Honourable senators, I propose that we examine now, as briefly as possible, what I think are the most important clauses of the bill. Since the bill is divided into six different parts, we might comment on these parts, underlining in each one certain issues which I know are of national interest.

Part I covers clauses 2 to 21, inclusive, of the bill. Part I sets up the Canadian Transport Commission and outlines its powers and duties. As the Minister of Transport stated in the other place, probably with tongue in cheek, in the first place it will be one bureaucracy instead of three. It is important, I think, that we have at this stage an idea how this commission will work, at least the main line of its composition and duties.

As I indicated earlier, the new commission will replace three existing agencies, the Board of Transport Commissioners, the Air Transport Board and the Canadian Maritime Commission. The present members and staff