

Vessel Construction Act

The Canadian maritime commission was set up for a definite purpose. I base my remarks on the bill before us today which is a result of the exercise of the duties carried on by the commission. When the hon. member for Vancouver-Quadra was speaking I felt he was justified in referring to this fine report. I want to compliment the Canadian maritime commission on the excellent manner in which they have complied and presented it. They have given us a history of the background of shipping from the early days right up to June of 1949. It is a report which every person interested in shipping should have at hand in his library so that he may turn to it as a reference guide so far as any matter relating to shipping is concerned.

As a result of their studies, they have taken certain steps to assist the shipbuilding industry. I do not propose to go over all the various points, and well chosen ones, raised by the hon. member for Vancouver-Quadra, but I feel we should emphasize one or two things that the bill does. It is referred to as an act to encourage the construction and conversion of vessels in Canada. I should like to mention particularly the word "conversion". As shown in the report of the Canadian maritime commission, we have a large number of ships tied up at the present time because they are unable to compete with foreign-operated vessels. That is because of various causes. Operating charges and overhead expenses of Canadian ships are the second highest of nine listed countries, second only to the United States. The daily operating costs of United States vessels are given in the report as \$972.52 compared with \$810.50 for Canada. It is interesting to note that Italy has the lowest figure, \$421.71, while in between of course we have the United Kingdom with a cost of \$525.46. It is for that reason I feel the word "conversion" is a most important one in the bill. If this bill makes it possible for shipowners to reconvert or reconstruct ships that are presently tied up, by installing modern machinery and equipment which will give them greater speed and lower operating expenses, then certainly this is something that will be well received by the shipping interests.

I am going to deal particularly with one angle of the shipping industry which was touched upon by the previous speaker but has not been given the attention I think it should receive. I refer to coastal or inland shipping, which I think the minister will agree comes within the scope of this legislation. As I recall it, a few years ago the United Kingdom and Canada entered into an arrangement under which ships of commonwealth countries were given permission to engage in coastal trade in Canadian waters.

[Mr. Isnor.]

While that arrangement is reciprocal, it seems to me the advantage is all on one side, in favour of the United Kingdom. We are unable to operate ships that can compete in the coastal trade of the United Kingdom, owing to the high operating costs that have been mentioned. On the other hand Britain is well able to send its ships to Canada to compete in our coastal trade.

That is of particular interest at the present time; and why do I say that? It is because of the oil developments in the west, as a result of which tankers will be carrying oil on the great lakes and inland waters and along the Pacific coast. I have also in mind the iron ore developments in Labrador and the effect they may have on Atlantic shipping, particularly in Nova Scotia. I believe the minister would be well advised to take this matter into consideration now with a view to the future since, while this comes within the scope of the shipping act, I believe one year's notice is required to terminate the present arrangement. In view of what we may look for in connection with this huge development in Labrador I believe this would not be a bit too early to give that notice, even though it would not go into effect for one year, which would give us an opportunity to study the possibility of greater shipping activity along our coasts.

I believe we should confine this coastal trade to ships carrying the Canadian flag, as the United States has confined its coastal trade to its own ships since 1817. Under the navigation laws of that country Canadian vessels may not engage in trade between United States ports, but on the other hand our law does not permit the transportation of oil from Canadian refineries to be reserved for our own vessels. This would apply also to cargoes of iron ore from the Labrador fields, which I mentioned a moment ago.

On previous occasions I have shown my interest in shipping. I offered the suggestion that we should subsidize ocean freight when carried in Canadian ships. The minister has not yet taken any steps in that direction, but he has brought in a bill which will assist the industry. I like the idea of this depreciation, but I am not quite clear as to its provisions. Perhaps later the minister will be good enough to enlighten me and the committee as to the way it will work. As I understand it, at the present time a depreciation of six per cent is allowed. In other words if my hon. friend the Independent member for Comox-Alberni invested a million dollars in a new ship to engage in the business of carrying freight he would be permitted a six per cent depreciation write-off each year, which would amount to \$60,000. Under this