

In preparation for study of this bill I did a great deal of reading. I found three figures commonly used for the cost of money. Firstly, there is that used by the Canadian Pacific Railway in its application for abandonment of branch lines. They used debt and equity, and then the company took the attitude that they must earn more than they pay out in dividends, and they included certain other items such as income tax to reach a figure of 11.4 per cent.

The Board of Transport Commissioners, in hearing applications, have set the cost of money at 5 per cent. The MacPherson Royal Commission have suggested a figure of 3.84 per cent. But their figure was based on evidence from hearings held a number of years ago. We are leaving the entire cost, not only the variable cost but also the cost of money, to the commission to establish without any direction from Parliament. If Parliament does not wish to give the commission direction in this regard, I would like to suggest that the commission hold public hearings at which various provinces and interested groups could make representations before the commission establishes this very important item of the cost of money.

This bill provides a right of appeal to the Transport Commission in case of captive shippers. This idea in itself is good, but when the bill comes into effect we are going to have substantial freight rate increases and I would expect that in the first two or three years at least there will be a large number of appeals. I am wondering, honourable senators, if the commission will be able to hear all the appeals in time to be fair to the individual or company making the appeal. Many of these companies will probably be supplying lumber and building material, to contractors under large contracts over a period of two or three years. They will want to know the freight rates before entering into any contract. I would hope that our Senate committee will give this aspect of the bill further consideration.

The sponsor of the bill mentioned inter-provincial traffic, and he was somewhat concerned with the constitutional aspects of this. Now, I do not intend to deal with the constitutional aspect, but I do wish to deal with the question of the Northumberland Strait causeway. I am happy to tell Senator Connolly that I took advantage of his advice that I could obtain free legal help in the Senate. The ad-

vice I received from some of the best legal minds in the Senate is that it is quite proper to include the Northumberland Strait causeway under this bill. The Minister of Transport, before the committee in the other place, stated that the Governor in Council may, if he wishes, bring international and interprovincial highway traffic or—and this is more important—certain aspects of it under the control of the Canadian Transportation Commission. This raises a very serious problem for the residents of Prince Edward Island. The Terms of Confederation call for continued means of transportation across the strait and, after many years of study, tenders are now being called for the construction of the causeway. We are seriously concerned about the fact that the rates set for the causeway will be set by a commission on which the Island has no say. Here, again, if we apply the cost of money to the fixing of the rates, the prospect is absolutely frightening to Islanders, because the causeway is estimated to cost \$140 million, and if we take the cost of money at six per cent we are going to have a figure of \$9 million or \$10 million per year which would have to be taken into account under Section 336. This is beyond the ability of the province to pay. In this regard also I shall have a number of questions for the minister who, I presume, will appear before the committee.

In the debates in the other place much time was spent on the question of abandonment of branch lines, mainly with reference to western Canada. But I would point out that this abandonment will occur elsewhere, and I would bring to the attention of senators from the Atlantic provinces that there are many lines in that part of the country which it is proposed to abandon on the grounds that they are uneconomic. We know that they are uneconomic, but we also know them to be vital to the transportation system of the Maritimes. Certainly the railways in Prince Edward Island are uneconomic. Nobody could pretend that they are otherwise, but we would expect the commission to realize that they are essential to our economy. Railways into the Annapolis Valley are also likely to be disturbed, but here again I would say that they are essential to the economy. This fact was recognized by a cabinet decision reached several years ago.

Honourable senators, I do not intend to take up any more time in this debate. I hope