

*Canadian National Railways and Air Canada*

**Mr. Clark (Rocky Mountain):** Thank you, Sir. In the light of the promise in the Speech from the Throne concerning the establishment of a competition policy, may I ask the Prime Minister if he would explain to the House why nothing of this nature has been introduced in parliament to date, and would he advise us when legislation will be introduced to parliament concerning competition policy?

**Right Hon. P. E. Trudeau (Prime Minister):** We do intend submitting a bill to this effect to the House for first reading within a week or two.

**Mr. Clark (Rocky Mountain):** Mr. Speaker, I rise on a point of order. I apologize for doing so at this point. It relates to an answer to a question on the order paper which was received during the question period. The answer was in response to question No. 2509 asking whether any subsidiaries or agencies of the CPR are exempt from levies or regulations imposed by the federal government or other governments and the nature of such exemptions. The answer was that such subsidiaries do not come under the jurisdiction of the Canadian Transport Commission. Naturally, that non-answer was over the signature of the Minister of Transport. I intend to re-submit the question but I want to draw to the attention of the House, on this point of order, the recurrent attempts of the government, on questions of this kind, to avoid answering legitimate and important inquiries.

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## GOVERNMENT ORDERS

[English]

### CANADIAN NATIONAL RAILWAYS AND AIR CANADA

#### PROVISION FOR CAPITAL EXPENDITURES AND GUARANTEEING OF SECURITIES AND DEBENTURES

The House, resumed from Thursday, October 18, consideration of the motion of Mr. Turner (Ottawa-Carleton) that Bill C-164, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st day of January, 1973, to the 30th day of June, 1974, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railways Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

**Mr. Don Blenkarn (Peel South):** Mr. Speaker, when I last spoke on this subject last Thursday I had partially completed my remarks. I was discussing the financial statements of Canadian National Railways and the Canadian Pacific Railway and showing that the excuse offered in the past for the poor financial performance of the CN that debt charges were responsible for its lack of profit was nonsense. A comparison of debt charges against operating revenue of the CPR and the CNR shows that Canadian Pacific in fact carried a greater burden of debt

[Mr. Speaker.]

in proportion to operating revenue than did the CNR. On this basis alone, there is reason for concern among members of this House and Canadians generally when they are frequently being asked to supply additional funds to the Canadian National system.

As I said the other evening, it is most difficult, because of the nature of the balance sheet, to be sure of extracting accurate figures but I believe the figures I am giving are accurate. I have spent a fair amount of time on them. Gross revenue from railway operations only earned by the CPR during the last fiscal year amounted to \$709 million. Revenue of the Canadian National system from its rail operations only was \$1,257 million. After taking into account all debt charges, the CPR made a profit of \$44.6 million on its railway operations. The CNR, not taking debt charges into account, made a profit on its railway operations of \$23 million. Both railway companies possess additional sources of revenue, such as telegraph operations, hotels and other activities. After allowing for debt charges, the CPR made a profit of \$70.4 million. The CNR took another \$24 million out of its ancillary operations, but after paying its debt charges it lost \$17 million, and the CN was quite proud of that performance. Clearly, in the field of railway operations alone, the CPR is able to generate a significant profit. The CNR, when debt is taken into account, generates no profit at all. But the statement as made up by the CNR tries to bury this fact, though it is one which must, I submit, cause concern to all hon. members.

The national railway system was an important factor in the building of Canada. Parliament has always considered the railways to be a vital means of tying our nation together. The events with which the railways were associated in the last century—the bringing together of the various provinces, the entry of British Columbia into confederation, to name only two—were matters of constant concern to parliament until the driving of the last spike. There is no question that Canadian Pacific received significant land grants as well as what were large sums of money in those days from the federal treasury. But I would point out that with the exception of certain operating subsidies affecting lines of national importance, the CPR has received no money from the federal government since that time. I would also remind the House that the Canadian National system was virtually completed prior to the first world war. Some 60 years have elapsed since then. But since the take-over of the Canadian National by the people of Canada, vast sums of money have been advanced to the CN in addition to the original land grants made during the earlier years of the system. It occurs to me it is time a serious analysis were made of the viability of this Crown corporation and the capacity of its management. As I pointed out the other day, on the basis of established values we should not be continually faced with appeals for further money for operating capital to supply the need of this railway.

I wish to draw the attention of the House to certain figures which appear in the balance sheet of the CNR. Net new investment made by the CNR during the last fiscal year amounted to \$102 million. The capital cost allowances for tax purposes on existing equipment owned by the company was \$126 million. So the CN had at its disposal more funds than were, in fact, necessary to replace its