

*Atlantic Region Transport Policy*

Although I agree that transportation costs are not the only problem, many businessmen in the area have stated that assistance in their transportation and distribution problems, would mean more to them than the financial incentives which are being provided by various governments or their agencies. The most recent submission has come from Maritime Co-operative Services Limited. This group is very disturbed about the several increases in transportation rates which have caused significant increases in the costs of manufactured products moved out of the area. They point out that these increased freight rates have great significance for industry in general in the area, because they have eroded and will further erode any possibility of Atlantic industry being either supplied with materials from outside—or shipping manufactured products elsewhere.

Transportation, Mr. Speaker, is indeed an essential element in the economic development of the Atlantic region. I refer to transportation in its broadest sense to include transportation costs as well as the availability of transportation facilities. This principle is recognized in the Maritime Freight Rates Act which established that the Atlantic provinces had special transportation needs, just as the Crownsnest Pass grain rates recognized the special transportation needs of western Canada.

What, then, should be the elements of a rational Atlantic transportation policy? For guidance we can do no better than turn to the report of the four Atlantic Premiers, a report, incidentally, which was endorsed fully by the Standing Committee on Transport and Communications. This report emphasizes that transportation assistance in one form or another has been used throughout Canada as a means of developing the economy of the nation. Special regional transportation assistance has been provided to meet political, social and economic needs of various regions of the country. Such regional assistance has a continuing role to play in the economic development of the Atlantic area. It is admitted that the Maritime Freight Rates Act has not been completely effective because in many cases the assistance provided does not benefit the shippers but is, rather, a subsidy to the railways.

● (4:10 p.m.)

The Maritime Freight Rates Act requires revision. Any revision must be designed not only to assist the economic development of the area but it must also be considered in terms of total economic development. The Atlantic Premiers agreed that modification should be made to the Maritime Freight Rates Act, but on the clear understanding that any such modification would be made only on condition that a federal-provincial agency be set up to administer the operation of the act and to ensure that such assistance would benefit the shipper through special selective assistance to the industry concerned. This assistance would be available for raw materials, semi-finished materials and component parts which industries bring into their plants for further processing. Also, industries could apply for and receive transportation assistance on products shipped to market in the rest of Canada.

[Mr. Thomas (Moncton).]

The over-all guidelines for such assistance should be the degree to which this assistance would enable a company to expand. The agency would be equipped with a fund to provide assistance, and assurance would be given that any reduction in subsidies would be offset by corresponding assistance to industries and shippers involved. While it was agreed that it would be desirable to phase out the subsidies under the Maritime Freight Rates Act gradually, the amount of assistance so phased out should be replaced by more effective benefits granted to the regional industries involved. Effective competition among the various modes of transportation must be created, and an integral part of the proposals concerned a long-term program for upgrading arterial highways, for improving connections between the island provinces and for lowering the costs of providing rail transportation.

A new air transportation policy should be evolved to permit redistribution of air routes between trunk and regional carriers. Water transportation facilities should be reviewed and improved. In short, the report agreed that a regional transportation policy should encompass all modes of transportation—road, rail, water and air—and should be designed to assist shippers and manufacturers in the area to compete in the Canadian market.

Let us see what has happened since the Atlantic Premiers report was tabled. On June 17, 1969, when introducing the Atlantic Region Freight Assistance Act, the Minister of Transport (Mr. Jamieson) referred to the Premiers' report and agreed that it would be desirable immediately to set up an agency of the type requested in the report. This joint committee, as he referred to it, would be asked to consider the recommendations of the Premiers and to make recommendations on these matters to his department. He also pointed out that ARFA was only a temporary measure and that once the joint committee got under way and made recommendations he intended to bring in legislation of a more permanent and extensive nature. That was two years ago. At the same time, the minister gave the following commitment, as recorded at page 10386 of *Hansard*:

I am giving the House a commitment that there will be no change in the rates under the MFRA unless the committee so recommends and unless the amount to be spent in some other manner is at least the same as the amount originally provided.

Since that time we have seen the subsidy reduced from 20 per cent to 17½ per cent; and even though the federal-provincial committee recommended that the government should act immediately to draw up special recommendations to provide equivalent assistance, no action has yet been taken. Is it any wonder, then, that the people in the area are afraid that this is the start of a phase-out of subsidies without equivalent assistance being provided? In the two years that have elapsed since the report was tabled we have seen a continuing erosion of the situation as a result of successive freight rate increases which have been imposed by the railways and which have destroyed the position of the Atlantic shipper vis-à-vis the rest of Canada.

The committee has met several times and has made recommendations to the minister. Several times during the present session I, along with other hon. members, have