

tion (5) as if those regulations were made under a provision of that code.

The second concern which has been expressed and to which we feel we must respond relates to the limitations of licences to 12 months. Although such licences would, of course, be renewable providing the initial circumstances remain the same, they could not be renewed as of right. The purpose of the limitation was, of course, to ensure that if in a particular case circumstances did alter and Canadian ships became available at reasonably competitive rates, we would not find that that particular segment of the coasting trade was locked in to the use of foreign ships. That principle should be maintained as the general rule.

We are increasingly aware, however, that special cases exist, particularly with respect to developing industries where the transportation is only part of a package which must be arranged to cover a term of years. We feel that allowance must be made for that possibility, but it should only be done where the licensing body is satisfied that no reasonable Canadian alternative exists. In addition, the licensing body must bear in mind the future possibilities of a Canadian alternative, but only if it can be accommodated within the terms of the applicant's current necessity. These are delicate problems which cannot be prejudged here, but for which allowance must be made. Such allowance can only be made by allowing the licensing body a considerable latitude of discretion. We propose to do this by amending section 11 as follows:

● (1530)

(1.1) Notwithstanding subsection (1), the Canadian Transport Commission may issue a licence pursuant to that subsection for a period specified in the licence that exceeds twelve months from the day on which the licence is issued where it is satisfied that contractual arrangements with respect to the use of the ship in the aspect of the coasting trade of Canada in which the applicant for the licence proposes to use the ship cannot be made for a period of twelve months or less.

The third concern deals with the definition of coasting trade in section 8(3) of the bill as including the carriage of goods and passengers from one port in Canada to the same or another port in Canada whether directly or by way of a foreign port. Except for the reference to "the same port", which was included only to fill what appeared to be a technical gap, the words "whether directly or by way of a foreign port" also appear in the Canada Shipping Act and over a period of many years no problem has been caused by their use. In the past, these words have always been interpreted in the light of international practice with respect to the clearing of ships to a foreign destination.

In spite of that, their appearance in this bill did cause some fear that there would be interference with the extensive cruise trade which has developed over recent years on the west coast and which involves the use of non-Canadian ships. Because of the great variety of passenger cruises that are operated in Canadian waters, we feel it is necessary to retain the words from the Canada Shipping Act, but in order to establish clearly that no interference with the generally recognized international practice is intended, we propose to amend section 14 of the bill, which is the one dealing with offences under the coasting trade provisions, as follows:

(2.1) Notwithstanding subsection 8(3), the master and owner of a ship are not guilty of an offence under subsection (1) where

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(a) either of them has obtained a valid clearance in respect of the ship for a port outside Canada as the intended destination of the ship, whether or not it is intended that the ship will return to the port from which the clearance was obtained or another port in Canada, and

(b) it can be established that an essential purpose of the voyage is to carry goods or passengers to a destination outside Canada.

This amendment will allow Canada to retain a measure of control without interfering with international practice. The whole section, the purpose of the change, was really to avoid the technical visit of a Canadian coastal ship in coastal service at a foreign port simply for the purpose of getting itself outside the rule pertaining to service in the coastal trade.

These amendments have been put before a certain number of interested members who took part in the work of the committee, and I hope they will answer most of the questions and criticisms which have surfaced during the course of the consideration of this bill.

Mr. Hogan: Would the minister allow one question for clarification? Can he tell us whether there has been a definitive cost-benefit study with regard to the impact of the proposed changes as they relate to coastal shipping in the Atlantic provinces?

Mr. Lang: A study of that kind has not been carried out because it would be very difficult to theorize the changes in shipping practice which might follow from these amendments. It is important to appreciate that when this bill received approval, in principle, on second reading it did so, I am sure, with the knowledge that we were making a change in the rules in relation to coastal shipping which involved a change in regard to Commonwealth vessels, it is true, and their particular position, but that the general approach of the law was meant to remain unchanged, by and large. In other words, we are making the same reasonable provision for Canadian shipping so that it will not be subject to predatory practices by vessels of other nations which might at a particular point in time make it impossible for a viable Canadian shipping industry to continue.

To this extent, protection is enjoyed both by those who might man the ships engaged in Canadian shipping and also by the industry as a whole. Canada benefits to the extent that a viable shipping industry is kept in being. Suppose, for example, there was no Canadian shipping industry. We would be at the mercy of foreign ships, and at a time when adequate shipping facilities were short we would find ourselves obliged to pay whatever rates were demanded, however high.

This is not meant to be a protective bill in the sense that it would allow for unduly high rates to be charged by Canadian shipping, but it is designed to protect shipping interests reasonably against predatory shipping practices so that a Canadian industry can exist for the greater good of this country. This is an important principle and one which in the formulation of the bill was well understood, though it may now have been lost sight of.

In order to reassure those in the Atlantic provinces and on the west coast who have worried what the regulations might be under this measure, I indicated to the Atlantic ministers and to the western ministers that the fullest consultation would take place concerning the regulations necessary under clauses 8 to 14, and that these consulta-