

Hon. Mr. Connolly (Ottawa West): Honourable senators, I do feel this about questions which have been asked,—they justify my belief expressed originally, that this is the kind of measure which the Senate can discuss with profit to the industry and to Canada's interests on the high seas. And again I would say to the Leader of the Government in the Senate that we are deeply indebted to him for having had this bill brought here first for consideration.

I am very pleased indeed that the honourable senator from Thunder Bay (Hon. Mr. Paterson) spoke, because he took a great deal of the load from my shoulders in his very practical demonstration of what the effect of this measure will be.

I think, if I may paraphrase him, the great advantage is that it will encourage the shipbuilding industry in Canada. It is of importance not only to the companies which might benefit from this legislation but to all ships which come here. That is going to be more important as we handle an increasing volume of foreign trade.

The honourable senator from De la Durantaye (Hon. Mr. Pouliot) spoke about people who are trafficking in second-hand ships. I should point out that this measure is not designed in any way to deal with passenger craft. This measure is designed or at least the policy of the Maritime Commission is designed—to assist the operation and the construction of Canadian-owned vessels. It has nothing to do with passenger ships.

The honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) asked a question about the British Commonwealth Shipping Agreement. The Leader of the Government has indicated that this measure will be referred to a Standing Committee, and there is a great deal to be said in favour of that, particularly as it will afford an opportunity to deal with all the questions that were asked. However, I will make this general statement in reply to my honourable friend's question: I understand that the British Commonwealth Shipping Agreement has to do with arrangements for the operation of merchant vessels registered in any country of the Commonwealth signatory to the agreement. It is part of that arrangement which makes it possible for ships of Canadian registry to be sent to the United Kingdom to be operated there under the United Kingdom flag and registry.

The honourable senator from St. John's West (Hon. Mr. Pratt) asked about the rate of depreciation allowed for ships that are not built in Canadian yards under this plan. The honourable senator from Thunder Bay referred to a 10 per cent depreciation. I was

under the impression that it was a 15 per cent depreciation on a reducing balance, but perhaps there is some connection between 10 per cent straight-line and 15 per cent reducing balance.

Another honourable senator suggested that this measure was for the protection of the shipyards and the shipbuilding industry. I would rather say it is for the encouragement of the shipyards and the shipbuilding industry.

It is true that the use of escrow funds does not extend to vessels engaged in the coasting trade or in lake trade. Maybe it should. Perhaps more extensive legislation should be designed to give encouragement to that branch of the industry, and if this debate has disclosed nothing more than an interest in the problems, it may be justified.

Hon. Mr. Pratt: Are we to understand now that this legislation applies only to foreign-going ships?

Hon. Mr. Connolly (Ottawa West): Yes.

Hon. Mr. Pratt: And not to coasters or lakers?

Hon. Mr. Connolly (Ottawa West): That is right. I think perhaps that answers also the question put by the honourable gentleman from Northumberland-Miramichi (Hon. Mr. Burchill). He asked if this legislation applies to ocean-going vessels only.

Hon. Mr. Burchill: It does not apply to lake or coastal vessels?

Hon. Mr. Connolly (Ottawa West): No, it does not apply to lakers or coasters.

Finally, the honourable senior senator from Ottawa said he wondered whether there is economic justification for a measure of this kind.

Hon. Mr. Lambert: In trade, I said.

Hon. Mr. Connolly (Ottawa West): In trade. I suppose it would take a good deal of time to discuss that point, and if I did it on the floor of the chamber I would need to make a different kind of preparation. But I hope that the bill will go to committee, and perhaps some of the officials of the commission may be able to amplify that viewpoint.

Hon. Mr. Haig: Honourable senators, if I speak I close the debate. I sincerely thank the honourable senator from Ottawa West (Hon. Mr. Connolly) for his valuable contribution. He knows more about the subject matter of the bill than I do, and I know a lot more about it than I did before he spoke. It is my intention, if the bill receives second reading, to propose that, as it deals with