

*Government Orders*

called "salty lakers" that can be used in places other than the Great Lakes, which requires a particular type of ship, and can be used in salt water, re-flagged them.

Certainly CSL has re-flagged a number of its vessels, going so far as to re-flag the vessel named after the founder of the company, a former member of this House, the hon. Paul Martin, Sr. However, when it re-flagged the ship his name was taken off, I suspect because the company was too embarrassed about what it was doing. In a lot of ways the company had no choice. The economics of ship operations in this country dictated that it had to find a way to reduce costs.

The ship industry itself in conjunction with its workers came to this government. Together they came to this government and said: "Look, we have a solution. It is not the most perfect solution. It is not one we would normally promote, but it would work. It is working elsewhere in the world. It is called a second registry".

That would allow a Canadian company to continue to operate in Canada. All of the Canadian operations would be taxed at the normal rate. All of its workers' wages would be taxed at the normal rate. When offshore work was being done, when cargoes were being carried between the United States and Europe, for example, they would be exempt from Canadian taxes, both the company for that part of the operation and the workers for time worked offshore.

• (1230 )

We have lost the jobs. We have lost the taxes. When the government said: "No, we are not going to give you a second registry", even though a number of other countries in the world have done so, everything went anyway. They re-flagged the total operations. They pulled down that Canadian flag and ran up the flag of Panama, or any one of a dozen countries which offer tax havens for shipping. We lost 100 per cent of the taxes and 100 per cent of the jobs because they did not hire Canadians. They hired workers at \$100 a month. We lost all around.

But the government had a chance. It could have said yes to the second registry. Instead, what did it do? It said yes to a tax haven for the headquarters of the companies. It was trying to attract the people from Hong Kong who are getting out before 1997 and encourage them to move their shipping companies to Vancouver, Toronto, or

Thunder Bay or wherever and that they would be granted tax-free status.

It is okay to give the corporations tax-free status. For proposals that would have given the workers the opportunity to continue to work on Canadian ships bearing Canadian flags the answer was no. For companies whose work was offshore the answer was no. However it was okay if your work was in Canada. I do not understand the logic.

The other element I want to briefly touch on is one of the amendments I moved today. It was unsuccessful in getting a specific change in the legislation. It dealt with Yukon.

This past weekend I met with officials of the transportation department of the Government of Yukon Territory. I did so at the request of my leader, the hon. member for Yukon, because they had put forward a proposal to the Standing Committee on Transport dealing with Bill C-33. There was a slip-up and it was not presented to the committee. I recognize it was a legitimate mistake, but they had a concern about a monopoly situation that was unique to the Yukon.

Because of Yukon's geography, it does not have any of its own ports, certainly not on the southwest corner of Yukon. It is land-locked. In order to get any commodity from a marine carrier it has to go through the Alaska panhandle. The Government of Yukon was looking for some protection so that when there was a monopoly situation that was out of control and it perceived that the current situation is such, that the Government of Canada would have a tool with which to help.

I listened carefully to the Parliamentary Secretary to the Minister of Transport in his response to my motion and my comments. I believe I heard him say that the Government of Canada does have the ability under Bill C-33, under the provision dealing with regulations, if it finds that someone is abusing its monopoly situation that it has the power to act.

I am pleased to hear that because, as the parliamentary secretary knows, I would prefer to have things dealt with in that way as opposed to having full-bridled competition between a Canadian carrier and a non-Canadian carrier. I was looking for a mechanism and I was pleased to see that the government was able to respond in such a positive way. I will communicate that to the Government of Yukon.