

involved in intra-shipments, for example, would not be able to benefit from this arrangement for a considerable length of time.

• (11:50 a.m.)

Let me explain the rationale behind this suggestion. It is that the federal-provincial committee would be set up immediately. It would have the capacity to make recommendations on an ongoing basis. It might be that within two weeks of its first meeting it would make a recommendation that the intra-subsidy be changed or applied on some classification of goods. Then we could proceed under clause 5 to make good that recommendation immediately. What I visualize is that this committee will not be one of a type about which hon. members have had good reason to complain in the past—one which meets and continues to meet for a year or a year and a half with the result that in the intervening period nothing can be done. This committee will be able to make individual recommendations and these would be dealt with rapidly on an ad hoc basis. To make sure we can do this it is necessary to include clause 5 in the legislation.

I should like to refer hon. members to page 10228 of *Hansard* of Tuesday in which I said—and this is a key point; I hope hon. members will accept my solemn declaration on it:

The government intends to set up such a joint committee without delay and undertakes not to exercise the power to be given to the Governor in Council to remove or reduce M.F.R.A. subsidies except to the extent that financially equivalent assistance is proposed by the joint committee and accepted by the government. This would be the first task of the joint committee.

Implicit in that statement is our undertaking that the amount of the present over-all subsidy will not be reduced. What we are saying here—and this is the reason for clause 6—is that the committee will meet and make recommendations to us periodically along the lines that the subsidy on X route, for example, which costs a certain number of dollars, might be used more effectively in another way.

The undertaking I give to the house now, as I did on Tuesday, is that there will be no implementation of this power without a recommendation having been made by the committee, and that any such changes will not result in a lowering of the totality of the amount paid by way of interim subsidy. This course is being followed at the suggestion of

*Atlantic Regional Freight Assistance Act* and, I believe, with the support of the four Atlantic premiers.

Many hon. members have discovered that the interim subsidy administered on a blanket basis is not the most effective means of providing assistance to transport in the maritimes. It is obvious there is greater need for some commodities than for others. It is conceivable that the amounts now being spent on this blanket subsidy might well be applied in ways other than the direct subsidization of transportation. It might be spent on assistance to shippers, for example. This is something we should bear in mind. Eventually, and ideally, we should bear in mind that the subsidy should go to the shipper rather than to the transportation technique or mode, but this is a complicated matter to deal with; it is not something we can deal with at this moment.

I hope we have put into this legislation adequate safeguards to deal with the fears which hon. members have properly expressed. I shall be particularly concerned to see there is no diminution in the total intra-subsidy. I thought the hon. member for St. John's East might have given me credit for the portion of my speech wherein I stated arrangements would be made for a comparable water carrier subsidy on goods moved by boat to St. John's and Cornerbrook. This is an important element within the whole package. I regard it as a vital one. Though we talk about this as an interim measure there is a good deal included which is of a permanent and highly significant nature in connection with Atlantic transportation.

On the matter of the outbound or west-bound subsidy, provision is made for the committee to examine whether or not there ought to be a measure of selectivity attached to that subsidy of 30 per cent. The idea was expressed to me in the Atlantic provinces to the effect that here again there might be a significant waste factor. By saying simply that anything that goes out of Atlantic Canada to the west should get this subsidy we may be losing opportunities for improvement.

We have no intention at this moment of altering this basis of universality but I emphasize that the committee has the right to make recommendations on the matter of whether or not there should be more selectivity or whether the rates should be changed with regard to certain commodities.

An interesting point having to do with the constructive comments of the hon. member for Malpeque is the fact that I heard a great deal in the Atlantic provinces, including his