

that many people consider the Maritimes freight rates a form of subsidy. This rather annoys me, because I do not find that the Maritime Freight Rates Act is any more of a subsidy than the huge investment which the federal Government put in the St. Lawrence Seaway—which incidentally does not pay its own way, and we do not hear many complaints about the subsidy on that seaway.

I am not going to attempt to explain the Maritime Freight Rates Act to honourable senators. You are familiar with the 20 and 30 per cent reduction. I am sure you are also well aware of the fact that the past horizontal freight rate increases have practically eroded the benefits of the Maritime Freight Rates Act; that is, they give a 50 per cent increase in freight rates and apply a 20 per cent reduction and you have just about nullified the original intent of the act.

Honourable senators, I refer now to an off-the-cuff speech which honourable Senator Burchill made about a year and a half ago, explaining the difficulties of operating a business in the Maritimes. That is one speech with which all maritimers will agree.

Honourable senators, Bill C-231 does not in any way alter the Maritime Freight Rates Act. This can be done only by a separate Act of Parliament. In the other place, the minister repeatedly emphasized this.

In addition, the bill provides for continuation for a two-year period for the so-called rate freeze on commodity products. This is where our concern in the Maritimes really centres. The Government is conducting a special study on the problems of Maritime transportation. It is hoped this study will be completed within a two-year period. I do not wish to be a doubting Thomas, but I am always a little apprehensive of a study. They always take longer than intended.

Hon. Mr. Connolly (Ottawa West): And they cost more.

Hon. Mr. Phillips: And sometimes they do not bring in recommendations that one would like.

After the report and recommendations are received, I would hope that the members of the cabinet would want some time to study them. In addition, I would like to see the various organizations in the Maritimes that are concerned with transportation take the opportunity to study this and express their views. I am afraid that this is going to take more than two years.

I know that the Leader of the Government in the Senate is always willing to step in and give assurances; and I am inviting him to give the assurance that if the study goes beyond the two-year period, the freight rates freeze will be carried beyond the two-year period.

Hon. Mr. Connolly (Ottawa West): Would the honourable gentleman allow me to speak for just one moment on that point?

Hon. Mr. Phillips: I would invite the honourable leader to do so.

Hon. Mr. Connolly (Ottawa West): I certainly am not in a position to give any assurance to the honourable gentleman or to the Senate on this point, but if the present Minister of Transport remains in office and if this point creates a problem for the Maritimes region, I believe the people in the Maritimes generally could feel optimistic that whatever should be done on their behalf would most certainly be done if he could possibly achieve it.

Hon. Mr. Phillips: I regret that the honourable leader obviously has not read all the discussion that took place in the House of Commons. If he had, he would be aware of the fact that the Minister of Transport, in the closing days of the debate in the other place, when questioned on this matter, said that he expected this would be a problem for another Minister of Transport. Possibly it will be the Leader of the Government in the Senate—and then I can really accept the concrete assurance.

Hon. Mr. Connolly (Ottawa West): Do not wish that on me, please!

Hon. Mr. Phillips: If I may, I should like to make a brief reference to the fact that industries in the Maritimes really are handicapped by transportation costs. While I would like to spend some time on this, I am going to be brief and illustrate this by two examples.

In Sackville, New Brunswick, there is a firm which manufactures stoves, and it would like to market these stoves in Montreal. However, it must compete, in the face of higher transportation costs, against a firm which manufactures stoves in Hamilton. Steel from Sydney, Nova Scotia, costs almost \$4 more per ton to deliver to Montreal than steel from Hamilton.

Honourable senators, I wish to leave for the moment the Maritime transportation problem and touch on section 336 of the bill. I feel that